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of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31-32 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
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Tuesday, 8 February, 1983

TIME — 10:00 a.m.

LOCATION — Morris, Manitoba

CHAIRMAN — Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam and Kostyra; Messrs. Anstett, Ashton, Banman, Blake, Carroll; Mrs. Dodick; Messrs. Driedger, Gourlay and Scott

APPEARING: Mr. Bob Brown, Co-ordinator of Research, Department of Municipal Affairs,

Mr. Bob Clarkson, Former Secretary to the Manitoba Assessment Review Committee

Mr. Jake Reimer, Provincial Municipal Assessor, Department of Municipal Affairs

WITNESSES: Dave Derksen, Private Citizen

Henry Hildebrand, Reeve of Rhineland

Louis Balcaen, Private Citizen

Leo Braun, Private Citizen

Luc Catellier, R.M. of De Salaberry

Francis Benoit, Reeve of Ste. Anne

Jake Friesen, R.M. of Hanover

Don Hamblin, Private Citizen

Lenore Eidse, R.M. of Morris

Tom Carruthers, Private Citizen

Ella Roy, Private Citizen

Roy McLaren, Reeve of Louise

Archie Hunter, Reeve of Franklin

MATTERS UNDER DISCUSSION:

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

* * * *

MR. CHAIRMAN: Would everyone take their seats please so we can commence the meeting. Ladies and gentlemen, Committee come to order. We have a quorum.

Before we commence our meeting this morning here in Morris we have two items of Committee business to attend to. I am in receipt of resignations from the Committee for Mr. John Plohman and Mr. John Bucklaschuk, both of whom were unable to be here today. I understand that there are other members here who are going to take their place, subject to a motion of the Committee.

Is there a motion for a replacement for Mr. Plohman, please?

Mr. Ashton.

MR. S. ASHTON: Yes, I move Don Scott.

MR. CHAIRMAN: It's been moved that Don Scott replace Mr. Plohman on the Committee. Is it agreed? (Agreed)

Is there a replacement for Mr. Bucklaschuk, please?

A MEMBER: Mr. Chairman, I move that Doreen Dodick replace Mr. Bucklaschuk.

MR. CHAIRMAN: It's been moved that Doreen Dodick replace John Bucklaschuk. Is that agreed? (Agreed)

Ladies and gentlemen, the purpose of these meetings that are being held throughout Manitoba is to review the Report of the Manitoba Assessment Review Committee, otherwise known as the Weir Report on Municipal Assessment. This Committee is holding its meetings under the authority of a Resolution passed by the Legislative Assembly last June. That Resolution reads as follows:

WHEREAS the Report of the Manitoba Assessment Review Committee has made certain recommendations to the Government of Manitoba; and

WHEREAS the Government of Manitoba wishes to hear the views of the citizens of Manitoba with respect to the report;

THEREFORE BE IT RESOLVED that the Standing Committee on Municipal Affairs be authorized to elicit the views of the citizens of Manitoba with respect to the report by holding such public hearings as may be deemed advisable; and

THEREFORE BE IT FURTHER RESOLVED that the Committee report at the next Session of the Legislature.

That is the reason we're here. It is the reason we have been holding meetings elsewhere in the province. In a moment I'll be calling on the Minister of Municipal Affairs to explain the process that the government has been following over the last year and introduce his staff who will be making a brief presentation but, first of all, I'd like to introduce the Members of the Committee.

Immediately on my left, the Honourable Pete Adam, Minister of Municipal Affairs; a new member to the committee today, smiling, is Don Scott, Member for Inkster in the City of Winnipeg; beside Don, Steve Ashton, the Member for Thompson; beside Steve, Eugene Kostyra, Minister of Urban Affairs and Member for Seven Oaks; beside Eugene, Doreen Dodick, Member for Riel. Starting at the far end, down at the other side of the table, is Mr. Arnold Brown, Member for Rhineland; beside Arnold, Bob Banman, Member for La Verendrye; beside him, Henry Carroll, Member for Brandon West; the fellow in the beard is Dave Blake, the Member for Minnedosa; beside him, Mr. Doug Gourlay, the Member for Swan River; beside him, Albert Driedger, the Member for Emerson. My name is Andy Anstett and I'm the Member for Springfield and the Chairman of your Committee.

So, with no further ado, I would like to call on the Minister of Municipal Affairs to review the process that's been followed.

Mr. Adam.

HON. A. ADAM: Thank you very much, Mr. Chairman, members of the Committee, ladies and gentlemen. In April of this year, I was pleased to receive the Final Report of the Manitoba Assessment Review Committee. This Committee, chaired by Mr. Walter Weir, was appointed by Order-in-Council on July 25, 1979. The Committee was directed to enquire into and report on all aspects of real property assessment in Manitoba.

The Committee's Report entitled "A Fair Way to Share," provides some 164 recommendations on suggested improvements to the assessment system in Manitoba. The volume of material contained in this final report is indicative of both the amount of work put into the study by Mr. Weir's committee and of the scale of problems facing the assessment system in Manitoba.

In my opinion, two categories of action are required before decisions can be made regarding the implementation of any of the Assessment Committee's recommendations. First of all, there has to be an evaluation of the impact on the property owner of any major change proposed in the assessment system. Accordingly, upon receipt of the report, I immediately instructed my staff to determine a method of testing the impact of the major recommendations and to report their findings to myself as soon as possible. At the same time, I approached my Cabinet colleagues and requested that they name a staff individual to join with a representative of my department on an interdepartmental task force to ensure that our evaluation of the assessment recommendations included the expertise from all affected government agencies. In this latter regard I might mention, in particular, the obvious connection that must exist between the review of education financing that is being carried out within the Department of Education and our own evaluation of the assessment system upon which much of education financing is based.

I believe we are now at a point in time where our first course of action, that of the technical evaluation of the impact of the recommendations, has reached a stage where we can commence the second course of action, that of public consultation. I recently forwarded to all municipalities and school divisions, and to all those individuals who have made submissions to the Assessment Review Committee, a copy of a staff document providing a statistical analysis of the impact of implementing several of the major committee recommendations. I have additional copies of this document here today for those who did not receive one.

Some time ago, I promised that I would be asking my fellow members of Municipal Affairs Committee of the Legislature to take part in public meetings where we would receive your opinions on the Assessment Report. I'm looking forward to hearing your views today and to reading your submissions on the report of the Manitoba Assessment Review Committee.

I want to point out here, Mr. Chairman, that the terms of reference of the committee is to deal with assessment; that is, how assessment shall be carried

out and not taxation of property. That is a separate function from the assessment process. I can assure you that your views will be given serious consideration and that as our research continues, we will continue to welcome further advice on the subject.

At this time, Mr. Chairman, I would like to introduce to you some of my staff who are with me today. On my immediate left is Bob Brown who is the co-ordinator of the analysis, that is, the Green Paper the staff has put together. At the far corner is Jake Reimer; I'm sure most you know Jake; he is the Provincial Assessor. As well, I am pleased to introduce, Mr. Bob Clarkson in the centre, who is the secretary to the Manitoba Assessment Review Committee and he's here today as a representative of that committee.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Minister. I would like to call on Mr. Bob Clarkson to give us a presentation on the Weir Report and outline the four major recommendations contained in that report.

Mr. Clarkson.

MR. B. CLARKSON: Thank you, Mr. Chairman. Members of Committee, Ladies and Gentlemen. First, I would like to describe briefly the terms of reference which provided the mandate for the activities of the Assessment Review Committee. The committee was directed to inquire into and report on all aspects of real property assessment in Manitoba including the level at which the real property should be assessed in Manitoba; the question of exemptions from real property assessment; the administrative organization for carrying out real property assessment and such other matters related to the problems of real property assessment as may be referred to the commissioners by the Lieutenant-Governor-in-Council and last, the question of personal property assessment in Manitoba. I wish to emphasize as the Minister did that the task assigned to the committee did not include any mention of taxes. The committee's task was not to find new sources of tax revenues or to comment on the appropriateness of existing taxes or tax levels, but rather to recommend an assessment base which could be used in an appropriate manner to share and collect the taxes required.

Initial research and activities of the Assessment Review Committee were undertaken to accomplish two things. First to analyse the existing assessment levels, the existing legislation and the results that would occur if the assessment was brought up-to-date in accordance with existing legislative requirements. This analysis showed that an updating of the assessment would result in dramatic shifts in the share of total assessment that various types of property would carry and would therefore result in significant changes in tax distribution.

Updating of assessment in the province would result in a 63 percent increase in taxes paid by the farm category; a 5.6 percent increase for single family residential property; a 41.2 percent decrease for multiple residential property and a 12.2 percent decrease for commercial and industrial property. The committee's analysis also indicated that considerable discrepancies existed within each class of property. An analysis of relationship between the selling prices of

residential property in the period of June to December, 1979, indicated that the assessment of homes of various price ranges varied significantly from district to district in the province and from area to area in Winnipeg.

In rural Manitoba the assessment of higher priced homes was a greater portion of the value than of lower priced homes. In the City of Winnipeg the opposite was true. Lower priced homes in the Inner City of Winnipeg also carried a higher assessment than similar priced homes in suburban areas.

The second matter that it was hoped would be accomplished by the initial research and activities was to obtain suggestions and statements of concerns from others. It came forcibly to the attention of the Assessment Review Committee as a result that very few people had any understanding of the assessment process or even, in fact, as to how their own property was assessed. The 164 recommendations made by the Assessment Review Committee all relate to a concept and basic principles adopted by the committee as a result of their many meetings with provincial officials in Manitoba and with municipal councillors, as well as their meetings with officials in Alberta, British Columbia, Saskatchewan and Ontario and the submissions received at public hearings. These discussions and submissions convinced the committee that the assessment process must, if it is to be fair and acceptable, become a system which the public understands and into which the public can have a significant input in order to ensure its accuracy and acceptance.

It is the opinion of the Assessment Review Committee that the assessment system must involve, first, the evaluation of all property in the province, evaluation that is maintained in such a manner as to be understood by the public and subject to a knowledgeable public scrutiny in review; second, the classification of that property to ensure that all property, regardless of where it is situated in the province, is identified and classified in accordance with its use; third, the setting of an assessed value using various portions of the evaluation of all property in the province that would generate an assessment that results in an acceptable and fair distribution of property taxes between the various classes of property.

This concept reflects a basic view of the committee, that unless you know what your tax base is worth and what that property is being used for, you cannot make rational decisions in respect to the fair sharing of the tax load and the capacity of that tax base to provide the taxes required.

In addition to this three-phase approach of evaluation, classification and assessment, the committee based their recommendations on a number of basic principles which are listed on Pages 22 and 23 of the committee's report. One of the statements that was put forward many times in discussions with the committee was that a house is a house is a house. That is to say, it doesn't matter where they are located, or what form they take, if they are all providing residential accommodation, they should all be subject to the same treatment for assessment purposes. If the accommodation is worth, say, \$50,000 where it sits and in the form it is built, it should not matter whether it is on a farm, in a village, town or city, or whether it is a single-detached, semi-detached or part of a high-rise complex; it should be

assessed the same. This doesn't mean that the same design, style and quality of a home will have the same value in the city as on a farm, but rather that, say, a two-bedroom bungalow worth \$50,000 in the city and a four-bedroom split-level farm home also worth \$50,000 because of its location should both be assessed at the same amount. That same four-bedroom split-level farm home, if located in the city, may well be worth \$100,000 and should, in the city, be assessed accordingly.

The present assessment legislation provides that land should be assessed at its value and buildings at two-thirds of their value. This, in effect, means that an exemption of one-third of their value is to be provided for all assessed buildings. The committee's review of assessment history indicated that this one-third exemption was introduced and it appears was related to the full exemption of all farm buildings from assessment and taxation. This exemption of farm buildings has, because of changes in farming methods and practices, resulted in some of the greatest inequities within the assessment system, not in equities between urban residents and farm residents, but among the farm residents themselves.

The farmer that makes a good living off the farm, at present doesn't have to pay taxes on his farm home. The farmer who must supplement his income from off-farm employment must, if he earns income in excess of his farm income, pay taxes on his home. A farmer with large land holdings and relatively few buildings pays full taxes on his major investment in land, whereas a farmer with small land holdings and a large investment in buildings, quite possibly with a total investment equal to or in excess of the investment of the farmer with the large land holdings, presently pays taxes only on his fall land holdings.

These inequities plus the impossible task of requiring an assessor to ascertain who was in fact a farmer, a fact that could often change from year to year, led to the committee's recommendations to remove the exemption of farm homes and to exempt farm outbuildings only to the extent of the value of the parcel of land on which they are situated. At the same time the one-third exemption to which all other buildings are entitled should be removed. These recommendations were not designed to transfer any tax load onto the farm classification from the residential and the commercial-industrial classification but rather to remove existing inequities within the classifications.

The majority of the 164 recommendations of the committee relate to how the valuation process should be done to ensure public understanding, the appeal process, the mechanism required to ensure public input and acceptance and how those valuations can then be used to provide the desired level of assessment for each class of property. The process envisioned by the recommendations is designed to provide the flexibility required to meet changing economic conditions with the expectations that this system would improve and get better with age, rather than deteriorate with age. If the existing system had not deteriorated, we would not be here today.

There are two other recommendations that I believe warrant special mention at this time. First, Recommendation 3(c)(7): "Provision should be made for the sharing of that portion of the Education Support

Program Levy that is required to be raised from the commercial and industrial class of property in such a manner as to reduce the amount to be raised on a portion of the valuation of all such properties. The levies should be increased on the balance of the valuation in order not to reduce the total funds raised from the commercial and industrial classifications."

In the report examples were provided showing the effect of applying the Education Support Levy at the residential rate on the first \$50,000 of value of commercial and industrial property. The rate on values in excess of \$50,000 was increased to ensure that the same total funds would be raised from this class of property. As the Education Support Levy is raised from property over the whole province, the benefit to small businesses would be shared by large businesses throughout the province, while reductions of close to 50 percent could occur as a result in the Education Support Program Levy on small businesses, the increase applicable to say a \$5 million business premise would amount to only 6.5 percent. This calculation is contained in Schedule 4 of the Assessment Review Committee Report. The figures in the report are based on 1981 Education Support Program Levy.

The final matter that I would like to bring to your attention are the recommendations of the Assessment Review Committee contained in Chapter 5 concerning the administrative organization for carrying out real property assessment. The committee recommends that a single independent assessment authority be established to assume responsibility for the assessment of all property in the province. In the committee's opinion, the establishment of a single independent authority would revitalize the assessment system, ensure a better atmosphere for the uniformity in the valuation of property and would in the long run prove to be the most cost-effective way of providing the up-to-date valuation system required. One of the major challenges that must be faced is that equity within the assessment system can no longer be permitted to be limited by municipal boundaries. Equity must exist within municipal boundaries, but it must also exist within the boundaries of the school divisions and, in fact, within the boundaries of the whole province.

As a provincial average, 50 percent of the current real property tax bill ignores municipal boundaries. The Manitoba Assessment Review Committee considered it to be essential that the system introduced must create a fair way to share, a way that would not only be fair but that would appear to be fair to the vast majority of Manitobans. Nobody likes to pay taxes, but it's a little easier to accept if you know you're only paying your fair share.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Clarkson. We'll have an opportunity to ask questions of Mr. Clarkson about the Weir Report as soon as we've finished our next presentation.

I would like to call on Mr. Bob Brown to give us an overview of the methodology used in the statistical analysis which is contained in the green book which I believe most of you now have.

Mr. Brown.

MR. B. BROWN: Thank you, Mr. Chairman. As Mr. Adam has indicated, staff of the Department of Municipal

Affairs were asked to evaluate the 164 recommendations in the Weir Committee Report and we are doing so now. At first we felt that there were a number of major recommendations in the report that would have an impact on all Manitoba property owners and those are the ones we've concentrated on at this time and those are the ones you see written up in the green report.

The four recommendations that are receiving that attention start with the concept of valuation. The Weir Committee felt that valuation would be the first step towards removing the major inequities within the assessment system. It would also be the first step in making the system understandable to the general public. That's the number one concept that we've looked at. It basically involves bringing all property values up to near market levels.

The second concept is that of portioning. The Weir Committee proposed that a portion of the market level be used for assessment in taxation purposes.

The third major area has to do with the bringing onto the assessment roles farm residences and farm outbuildings. It has been recommended that all residences become taxable regardless of the owner's occupation and that farm outbuildings become taxable as well, with an exemption subject to the size of the parcel upon which the outbuildings sit.

The fourth recommendation which we have taken a look at at this time has to do with the taxation levels on commercial enterprises. It was recommended in the report that the first \$50,000 of building value of commercial enterprises be taxed for education support purposes at the residential levy with the balance of the value of that property being taxed at the commercial levy.

I should add a qualifier on that point, that the data available to us makes it very difficult to measure that recommendation exactly. The statistics you see in the green book I think will be pretty accurate for the commercial taxes on small businesses, but they tend to overexaggerate the impact on large businesses. The increases on large businesses would be spread across the entire provincial picture and in our own report, all we've been able to do is assign them to within the school division that we tested.

We have used staff from the Assessment Branch and the Municipal Services Branch in our department, the computer facilities within the department and our own research staff to do the modeling that you see represented in the green book. Four sample areas were chosen: the Hanover School Division, the Antler River School Division, the Inter Mountain School Division and the St. James-Assiniboia School Division.

There are two main reasons that those choices were made; one is that we felt they gave a pretty good cross section of the types of land use and the land use patterns that are found across Manitoba. They range from the livestock intensive areas of the Hanover School Division to the grain farming areas of Antler River, to the parkland region of Inter Mountain School Division and the urban School Division of St. James-Assiniboia. The second main reason has to do with the availability of data. The Provincial Assessor's Office has been attempting to record farm residences and farm outbuildings in some areas of the province and we took advantage of where that work has already been done

and saved two or three months field work in our choice of samples.

The methodology shown in producing the statistics in the green book is quite straightforward. We start with the 1982 existing assessment rolls for each of the sample municipalities within those chosen school divisions.

The second step is to incorporate into that assessment roll the new assessment that would be brought on by the marked recommendations that I mentioned by the Report of the Weir Committee. That basically involves adding on all the farm residences that have previously been exempt from taxation from assessment and bringing on the outbuildings minus the exemption of the parcel of land on which they sit.

Step three in the exercise is to bring all the properties up to near market levels. The report suggests that the past two years sales data be one of the main features in that and that's been incorporated into our system as well as factors developed by the local assessors' offices to bring all properties up to near market levels.

Step four is to take those statistics and use the portions that Mr. Clarkson referred to, that were proposed in the Weir Committee, to try to prevent shifts from one assessment class to another, from one property class to another. It was suggested that 8 percent of the market value of all farm land, 15 percent of the market value of residential and then 16 percent of the current market level of commercial or the other category could be used to prevent shifts from one assessment class to another and those are the figures that we have tried to present in the green book.

Step five in the job was to take a look at the 1982 budgets of the municipalities and school divisions and the Department of Education for all of the areas tested. By checking the existing budgets for the current year, we were able to determine the revenue requirements of each of those municipalities and could determine what amounts of money might need to be raised on the new assessment base.

We then were able to calculate mill rates for the sample areas using the new assessment that we incorporated from the market report, and applying it to the '82 budgets. Once that was done, it was a matter of taking some sample properties from each of those areas and trying to pick representative parcels of farmland, different types of farm categories, residences and in the larger centres commercial properties and apartment buildings.

Taxes were calculated for both the general municipal purposes, the special levy school purposes and the Education Support Levy purposes on all those properties and those are the results that you see in the book before you.

I might just mention in closing, that there have been a couple of additions that are available up at the Clerk's desk. When the green book was mailed out to municipalities, the Inter Mountain figures weren't totally available. They are now up here at the front if you haven't received them, as well as updated statistics on the St. James chart that's on Page 33, I believe, in the report.

I think that would conclude my comments on the green book.

MR. CHAIRMAN: Thank you very much, Mr. Brown.

Set aside time now, Ladies and Gentlemen, for a question and answer period for questions requesting clarification either from Mr. Clarkson with regard to the Manitoba Assessment Review Committee's recommendations, or for Mr. Brown on the statistical analysis which attempts to help us all understand the impact of those recommendations.

Mr. Driedger.

MR. A. DRIEDGER: Thank you, Mr. Chairman. Firstly, just for clarification, as I indicated in their last meeting in Winnipeg last week, that this meeting is conflicting to some degree with many of the municipal council meetings and, Mr. Chairman, I believe it is in order that anybody, even if they're not on the list, if they want to make a presentation here today, they can proceed to do that, am I correct?

MR. CHAIRMAN: Yes, Mr. Driedger. I will be calling at the end of the question period for any additional names of persons who wish to make representations and at the end of the meeting if there is anyone else who has arrived during the presentation of the briefs, they'll also be given an opportunity.

Mr. Driedger.

MR. A. DRIEDGER: Thank you, Mr. Chairman. I have a few questions for clarification which I think possibly are pertinent to help assess the situation a little better. In the green report or the analysis - and I asked this question at a different meeting already - on Page 26, where reference is made to R.M. of Hanover, the various mixed farms, I wonder if it would be possible for Mr. Brown to maybe indicate the acreage that was used in the mixed farm, the hog farm and the dairy farm just so that it illustrates a little better the size of the operation that has been used for an example in there.

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: Yes, Mr. Driedger. I should mention just on a general note on the farm properties shown in the green book, they are representative of a roll number on the assessment roll; they don't represent the entire farm unit. We're trying to compile information on the whole farm units right now, but that has to be done manually so the properties that you see there will represent one holding. In the examples that have been mentioned, the vacant farmland parcel, which simply means there are no buildings on it, in Hanover is a quarter-section. The mixed farm is also a quarter-section. The parcel that is illustrated, at least, is a quarter-section. The hog farm is 5.5 acres and the dairy farm is about 72 acres. Those don't represent the entire farm unit; those are the parcels which have been chosen for the test.

MR. A. DRIEDGER: A question to Mr. Clarkson: in the market report I believe it was the intention that there should not be shifts created between classes, for example, between the farm, the residential and the business and other. When we assessed the summary in the green report, would that be a correct summarization, in your view, compared to the market report?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Well, the Assessment Review Committee definitely recommended that the portions to be utilized should be such as would not create any shift between classes of property. We calculated, on the basis of the 1979 figure, that the portions that would achieve that would be 8 percent for farm, 15 for residential and 16 percent for the other category.

There are two problems associated with that; one is the change in time frame in looking at '82 figures utilizing portions that were calculated for use in 1979 and that can lead to some discrepancy in the final results. The second one is one that we had difficulty with, because the figures were not available, that was to separate the farm residence valuation from the farm outbuilding valuations, and therefore the 8 percent figure that we utilized did not compensate for the transfer of farm residential assessment into the residential category and off the farm category.

In the final calculation that is proposed in the Assessment Review Committee Report, those figures would have to be taken into consideration and if applied on the figures in the green book would hopefully illustrate that there would be no shift. However, what you've got to recognize is the fact that the Assessment Review Committee were basing those recommendations on the province as a whole and what would occur over the province as a whole. That doesn't mean to say that there would not be shifts within individual municipalities. There quite well could be within individual municipalities and individual school divisions. But the concept as proposed by the Assessment Review Committee would remove the inequities that exist within the farm category, then treat all farmers the same regardless of where they are and calculate the percentage that is required to maintain the farm total tax contribution over the province as a whole at the same portion as exists at the time the program is implemented.

MR. A. DRIEDGER: If we look at the green report and compare it to the market report, would you agree that the green report possibly creates not an accurate figure of what has been recommended in the market report and probably creates more confusion than helping get a good bird's eye view of the whole matter?

MR. B. CLARKSON: It is probably slightly inaccurate, although I must sympathize with the staff of Municipal Affairs, because while we had available to us estimates of the total value of all property in the province at the 1979 level of value and were able to make our calculation on that base, the staff of the Department of Municipal Affairs in doing their work here did not have the total provincial figures available to them and therefore I don't think really had any choice but to utilize the figures that we provided. However, you have to recognize that they may not be accurate.

MR. A. DRIEDGER: Mr. Chairman, I just want to indicate that my question was not critical of the people who put out the report. I am just trying to illustrate the fact that the report itself possibly does not accurately reflect what will happen if the market recommendations were implemented. Would that be accurate assessment?

MR. B. CLARKSON: They could be accurate for individual municipalities. They do not reflect the recommendations of the Assessment Review Committee over the problems as a whole.

MR. A. DRIEDGER: Thank you.

MR. CHAIRMAN: Questions from members of the public for Mr. Brown or Mr. Clarkson. Please come forward, Sir. Would you give your name please, Sir, for the record.

MR. ALEXANDER: Alexander, the Reeve of the R.M. of Thompson.

Mr. Chairman, as I understand it, the real property was assessed at its fair market value and then by apportionment was reduced so that each class of property would raise no more tax than it had in the past. On the basis of an '82 comparison, and we'll take the R.M. of Hanover as an example, we find that the mill rate for the vacant farmland was 65 and under the apportionment it jumps to 71.9. Now if you look at the R.M. of Brandon the same thing holds true there except the figures are different. There is an increase in the mill rate. I, for one, am somewhat mystified as to why there is an increase in the mill rate if the assessment base is still the same and you are still raising the same amount of money.

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: Mr. Chairman, I don't have that mill rate information in front of me, but the assessment base in Hanover I know is altered by the fact that one of the recommendations suggests that the assessment - well, let's put it this way, the real property value that is currently being taxed in Hanover about 8 or 9 mills is being applied on all property in Hanover, some of which is exempt under The Assessment Act from taxation. One of the recommendations suggested that property be treated in the same manner as property under The Municipal Assessment Act. If that's the case, then certain properties that are currently be taxed in Hanover Municipality would not be subject to tax under the implemented Weir Committee Report. If the assessment base decreases from that fact then the mill rate has to increase to pick up the compensating loss in revenue.

MR. ALEXANDER: By the same token, Mr. Brown, in the R.M. of Hanover, you must have picked up substantial properties that were tax exempt, namely, intensive livestock operations and I am somewhat mystified as to why the mill rate increases 7 mills.

MR. B. BROWN: As I indicated, I don't have the mill rate information in front of me so I can't comment on that, really.

MR. ALEXANDER: I wonder if Mr. Brown could dig into this and send the information out then?

MR. CHAIRMAN: Is that a request you can comply with, Mr. Brown?

MR. B. BROWN: I am sorry Mr. Alexander, can you repeat that?

MR. ALEXANDER: I wonder if you could look into this, Mr. Brown and sent the information out because . . .

MR. B. BROWN: I might mention, if I didn't make it clear enough that it is Section 888 of The Municipal Act that I was referring to where certain properties currently be taxed and producing revenue in Hanover would no longer be eligible for taxation.

MR. ALEXANDER: 888 does not apply to school taxes though, does it?

MR. B. BROWN: 888, in effect, increases the assessment base in the R.M. of Hanover substantially.

MR. ALEXANDER: That's fine and dandy, but go over to the R.M. of Brandon then. The actual mill rate in '82 for school taxes was 67 mills and under the new proposal it's 78. That's an increase of 11 mills.

MR. B. BROWN: I am not sure what you refer to is the mill rate for school taxes. There is no mill rate for school taxes in those municipalities. There is a single mill rate for the special levy; there is another mill rate for the education support levy, both of which are calculated on quite different bases. The total school tax raised from both those levies is shown in the statistics here, but that can't be thought of as a single mill rate. They are both produced from different sets of calculations.

MR. ALEXANDER: Nevertheless, Mr. Chairman, your taxable assessment is the basis upon which you are taxed. You take a mill rate and multiply it by your taxable assessment to arrive at your liability for taxes and it seems to me that if you take the school taxes which are shown there and divide it by the taxable assessment, you get the mill rate.

MR. B. BROWN: Well, as I indicated, that's not quite the case in the school tax situation; there is not a single school tax. The special levy based on the needs, in Brandon's case, of the Antler River School Division as based on Brandon's respective share of the Antler River total equalized assessment. The share that the pay under the Education Support Levy has to be weighed against the changes in the province-wide contributions to that program. There is not a single school tax levy.

MR. ALEXANDER: Mr. Chairman, I'm still confused.

MR. CHAIRMAN: Perhaps Mr. Brown can try again. Mr. Brown.

MR. B. BROWN: You could look at Page 18 if you wished. You would notice that the '82 actual assessment of Antler River School Division of \$27 million decreases to \$22 million at the apportioning level; so if the assessment base decreases by \$5 million approximately, you have to have a fairly substantial increase in the mill rate to produce the same amount of revenue and it was the intent of the modeling exercise that the same amount of revenue be produced. It was the '82 budget that was used.

There is as well a more modest decrease in the Hanover total assessment base after apportioning than currently is the case now.

MR. CHAIRMAN: I am beginning to understand it now. Reeve Alexander.

MR. ALEXANDER: Hanover's assessment has dropped by a million dollars under apportioning. I still fail to see how that would make that much difference in the mill rate.

MR. CHAIRMAN: I believe Mr. Brown said that had something to do with the buildings that would then also be dropped from Section 888 under The Municipal Act. Mr. Brown.

MR. B. BROWN: That is correct. There is considerable loss in the - I shouldn't use the word "assessment" maybe, but in the property that is subject to taxation in Hanover. I certainly can try to put this all out in writing and send it out to Mr. Alexander if that would be of help to him.

MR. ALEXANDER: Thank you, Mr. Chairman.

MR. CHAIRMAN: Further questions? Thank you very much, Reeve Alexander. Anyone else with questions for either Mr. Clarkson or Mr. Brown, please come forward?

Mr. Driedger.

MR. A. DRIEDGER: I'm sorry, Mr. Chairman, I've had my chance already, but in view to the questions asked by Reeve Alexander there for further clarification, when the examples were used with the R.M. of Hanover that was done with the 888 removed. Am I correct, for clarification?

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: Yes, the Weir Committee Report indicates that properties, buildings that are subject to taxation under the 888 levy, that sort of consideration be removed, that the same sort of exemption that is currently allowed under The Municipal Assessment Act be also put in place for the 888 levy. So certain of those properties would no longer be eligible for taxation. We incorporated that recommendation into our modeling.

MR. A. DRIEDGER: So if these recommendations were implemented, 888 would then have to be removed as a means of taxation under The Municipal Act.

MR. B. BROWN: If you wouldn't mind, I think maybe Mr. Clarkson would be in a better position to explain exactly the recommendation on the 888 levy.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Basing recommendations of the Assessment Review Committee on 888 would be to only permit 888 to be utilized on taxable property rather than exempt property. One of the basic reasons for

using this section at the moment is to get at those exempt farm buildings and exempt charitable buildings, etc., that are existing in the municipality, and the 888 is presently applied fully on that land and buildings of property that would otherwise be exempt. That creates considerable tax revenue, there's no doubt. But the community felt that in its recommending that farm homes and farm outbuildings be subject to taxation which are the major contributor at the moment to 888, that with that happening then 888 should be limited to assessable and taxable property and the land only of exempt properties.

MR. CHAIRMAN: Further questions?
Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, I have a question to Mr. Clarkson with respect to the exemptions on farm outbuildings to the value of the land that they sit. I was wondering, had you considered using a flat exemption rather than using the one that you chose?

MR. B. CLARKSON: The committee argued I think for about six months as to what the appropriate figure would be for a flat exemption and then discarded it following a suggestion from one of the members that it might be more realistic to look at value of the land on which they sat as being a figure that would move with other values and keep in pace at all times with the current economic conditions wherever they were in the next 10 or 20 or 30 years. The committee looked at the possibility of looking at the valuation of all land within the farming unit and found they had to discard that because of the difficulty in identifying it.

First of all, you had many situations where one parcel within the farm complex would be in a single name of maybe the husband or the wife. Other parcels would be in joint names. Some would be in other family membership names, and to identify what was truly a farming unit became next to impossible. This was also complicated by the fact that, in many cases, the farming unit was not situated solely within one municipality but, in some cases, in three municipalities and in several different school divisions.

With those complications the committee reverted to a recommendation that it be based on the value of the parcel of land on which the buildings were actually situated.

MR. D. GOURLAY: Thank you. Another question with respect to the fair market value for assessing purposes. We've heard some discussion with respect to the fact that maybe the basis should be more on productivity rather than on market value. I was wondering whether you'd comment on that fact.

MR. B. CLARKSON: The committee actually recommended that in the valuation of farmland, productivity be a major input in the assessing or the classification of those valuations in ensuring that that value did represent a fair market value, certainly based on the productivity of the land. I'm just trying to pinpoint the exact recommendation —(Interjection)— Page 92. Yes, it states there, "In establishing the valuation of farmland, sales data should be analysed with relation

to the productive capacity of the soil to ensure that the valuation established reflects the fair value of the land for agricultural purposes."

MR. CHAIRMAN: Further questions.
Mr. Gourlay.

MR. D. GOURLAY: I have one further question to Mr. Brown. On Page 15 of the green book, there is average property valuation factors listed there for Hanover, Antler River and St. James. I'm just wondering if you feel that there is sufficient information available in the various places that you tested here to actually give a - you feel confident these valuation factors used represent a fair and equitable relationship.

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: I feel confident enough in them certainly that I believe they're adequate for testing purposes. It should be mentioned, those aren't the finest detail available; those were averages portrayed. The assessors do have a bit more of a detailed breakdown within any of those given areas. They actually will develop factors for each individual municipality for each type of land and in some of the more complex or urban municipalities the factors may differ even within the municipalities, so I believe they are quite accurate for this purpose, at least.

MR. D. GOURLAY: To take it further, you feel that there are enough examples available to come up with a fair valuation factor?

MR. B. BROWN: I believe one of the alternatives, and I believe it was a recommended alternative in the Weir Committee Report, was to, in terms of scheduling implementation, it was suggested using factoring to bring the levels up to market value for the time being anyway, as a means of getting the new system in line quicker. I think that comes from discussions with both the City Assessor and the Provincial Assessor and those two individuals feel that those factors can be developed for accurate enough purposes to update assessment and I can rely on their opinion I believe.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: On Page 18 where we've got the model set up from the Hanover School Division, I wonder if maybe Mr. Brown could tell me if he's got the figure which would indicate how much new money is picked up in Hanover because of taxing residents that are now not taxed?

MR. B. BROWN: I certainly have that information; I don't have it with me right at this time, so I can provide it, but if I recall correctly on the outbuildings which brought on considerably more, I think it was in the order of \$3 million or so worth of outbuildings. But I'm afraid off the top of my head I don't recall the new amount for bringing on the currently exempt farm residences. I can provide that.

MR. R. BANMAN: Thank you, I'll talk to Mr. Brown later.

The other question that I have is, would it be fair to say that in the instance of R.M. of Hanover where you have a fairly high concentration of residences and a fairly high concentration of outbuildings because of the large mixed farming operations that we have there, that the amount of taxes collected in Hanover would increase fairly substantially, and the amount of money that, for instance, Hanover would be paying to the Education Support Program - provincial - would increase substantially?

MR. B. BROWN: Well, you have to think in terms of the three different components of the tax bill. The Education Support Program, which is calculated on a province-wide basis, the relationship with the municipalities equalized assessment to the total provincial equalized. The apportioning system proposed in the Weir Committee Report would attempt to make sure that there would be no shift province-wide from one class to another. That would help temper the increase on Hanover Municipality. But Hanover Municipality and similar municipalities, from my own indication, would see them at the extreme end where there will be considerably new amounts of assessment brought on line.

The second part, the special levy for school purposes, is a much more localized one and that is based on the R.M. of Hanover's share of the Hanover School Division equalized assessment, and when you bring on \$3 or \$4 million as would be the case in Hanover of new assessment, all into the R. M., then their share of the equalized assessment of that school division is going to increase a reasonable amount as compared to Steinbach and other communities in the school division. Those individuals then will be facing, to my mind, a greater contribution to the Hanover Special Levy and apportioning will not alter that a whole lot. At the general municipal levy, bringing on the new assessment will only affect those individuals who happen to be the owners of that newly assessed property.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: I appreciate that, on the municipal levy, there will be a shift probably within the municipality itself. I can appreciate that, but that particular levy does not have any sort of external forces working on it; it's the Municipal Council that controls that. I guess my question, in having followed the hearings now for awhile, would be, in total dollars towards education both to the Hanover School Division and to the Education Support Program the residents of the R.M. of Hanover would be asked to pick up a fairly larger portion than they've got right now - I guess my question to you is: would those types of figures be available?

MR. B. BROWN: I think they are the figures you see in the book here. They can be provided in more detail, but these increases that you're seeing in Hanover do reflect that fact, that Hanover's share of the equalized assessment is going to be picking up with the report's recommendations implemented. That, I see, is inevitable if those recommendations are implemented. If you bring on that amount of new assessment, then your share of the equalized will increase.

Mr. Clarkson might want to elaborate but, on the province as a whole, that would probably be compensated for on farmland that does not have buildings on it, for instance. You'll see decreases, as indicated in the Green Report, on virtually all quarter-sections, I think, identified that don't have buildings on. Since there are more quarter-sections without buildings than there are with in the province as a whole, that all evens out. But in the Hanover cases or, as I say, similar municipalities, they will be at the other end of the average.

MR. CHAIRMAN: Mr. Clarkson, did you want to comment on that?

MR. B. CLARKSON: Schedule V in the report of the Assessment Review Committee provides details illustrating what would happen to the equalized assessment for every municipality in the province. In the case of Hanover, I note that the equalized assessment at '79 level would have increased by 5.38 percent. It varies tremendously from one municipality to another though. It would be an increase in Hanover of 5.38 percent.

MR. CHAIRMAN: Further questions? Mr. Banman.

MR. R. BANMAN: I guess the figure I'm after is to see how much more money is going to have to be raised under the model in Hanover by the residents of Hanover, not for municipal purposes, but what amount of money is required currently and what amount of money is required under the modeling for education. In other words, are the residents of Hanover going to be paying \$1 million, \$2 million more than they are today?

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: We could produce estimates of that for you. It would be just be a matter of totaling up for the total Hanover Municipality.

I might indicate, in reference to one of your earlier questions about the new farm residences in Hanover - I would want to confirm this when I get back at the office - but the information that I have here would indicate about \$2 million worth of new residential assessment in Hanover.

MR. R. BANMAN: That would be largely due to picking up the residents that are not currently taxed right now.

MR. B. BROWN: That's correct.

MR. CHAIRMAN: Further questions? Do any members of the public have any questions for either Mr. Clarkson or Mr. Brown? Hearing none, Mr. Clarkson, Mr. Brown, thank you very much for your participation today.

The next item on our agenda is to hear representations and briefs from members of the public. The list I have before me, prepared by the Clerk of the Committee, includes as follows: Mr. Dave Derkson, Mr. Cliff Graydon, Mr. David Roberts, Mr. Henry Hildebrand, Mr. Louis Balcaen, Mr. Leo Braun, Mr. Luc Catellier. Is there anyone else here whose name is not on the list? Hearing none, I would like to call on Mr. Dave Derkson.

Mr. Derkson.

MR. D. DERKSON: Mr. Chairman and Members of the Committee, I'm thankful that you decided to have a hearing in southern Manitoba also and it's too bad that the announcement that the government put out - it'll be hitting the street today in the paper and, thanks to CFAM announcing this, it has come to some public attention - I phoned it in to them.

To me, the bottom line is on the last page of the report. Under the "Summary," the second paragraph says, "The rural municipalities, towns and villages included in the modeling exercise, realized an increase in farm property taxes and a decrease in residential and small commercial property taxes." I guess this is so typical. As a member of a small minority, farmers, I feel that this is another burden placed upon me that I cannot pass on, as many other things are passed on to others.

Basing on the average figures given by Stats Canada, an average farm is 700 acres. At an average assessment of approximately \$7,000 per quarter, that comes to a \$30,000 assessment. If you include approximately \$15,000 for buildings, that's a \$45,000 assessment. Our mill rate is 125 per thousand, so there you're looking at - on these proposed figures with the additional of the assessment on buildings - \$5,600 per year taxation, and assessment does translate to taxation. This, over a 20-year period without further inflationary increases, comes to \$100,000.00. I don't think we are getting fair value for the taxation. Governments respond to electoral support through pie-in-the-sky promises and the pigeons have to come home and roost, and I don't see that this is a fair form of taxation.

There is another thing that also relates to the assessment base. We are now talking of conservation districts being set up by the government. The government then also promises 70 percent to 100 percent funding if money is available. If further money is needed, the Act allows for a 10 mill assessment without Municipal Council approval.

So, to me, it seems that there are just more burdens and more burdens placed on the farm community. I'm opposed to it.

MR. CHAIRMAN: Mr. Derkson, would you please stay in case members of the Committee have questions for you? Are there any questions for Mr. Derkson?

Mr. Driedger.

MR. A. DRIEDGER: Mr. Derkson, the point that you raised is what I was trying, to some degree, to cover before that. In reading the Summary on Page 36 of the Green Report, it gives you the impression that there is going to be a major shift to farm properties which, I think, under the M.A.R.C. Report it was not the intention that there should not be a shift between classes. The farmers should not pay more and the residents pay less and the commercial pay less. Is this the impression that you get though from here, that there is going to be more taxes put on farmers generally?

MR. CHAIRMAN: Mr. Derkson.

MR. D. DERKSON: Yes, I feel that the reason for the assessment change was to create more taxation at the farm level.

MR. CHAIRMAN: Further questions? Mr. Banman.

MR. R. BANMAN: I guess, following up on what Mr. Driedger has said, several members of the Committee have stated previously at hearings that they would be opposed to any change which would see the farm community bear a larger share of the taxation - I'm talking percentage-wise across the province - than they are today.

The other question that has to be asked though is: what do you feel about the shift that would take place within that class? In other words, the model here in the Green Paper indicates clearly that there will be a shift from the vacant land to the more farm building intense operations, i.e. livestock operations. What do you think about the shift within that class?

MR. D. DERKSON: These are projections at this time. Whether it will or not remains to be seen.

MR. R. BANMAN: I guess all I have to say is that that's what we're concerned about here and that's what I am concerned about. I don't want a model set up which later on will see farmers picking up a larger proportion of the education tax, in this particular instance, than they are right now. I guess that's why we are here, to try and assess what the feelings of the people are as well as see what kind of model can be established so that doesn't happen.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, I just have a question for Mr. Derkson, Mr. Chairman. Mr. Derkson, would you have any objections to them taxing farm residences?

MR. CHAIRMAN: Mr. Derkson.

MR. D. DERKSON: Yes. To me, that is what it is; it's another tax. Lord knows, I pay tax, many levels of tax, and taxation is taxation. How much do we have to pay? I think government seems to think that its mandate is to tax and to tax oppressively.

MR. D. BLAKE: Even if, through taxing the farmer residence, there was some relief provided on farmland so that you would end up paying basically the same tax bill, but there would be some adjustment in the way the tax was calculated. Do you not feel that it would be fair to tax a farm residence as a residence the same as you would tax a residence in a town or a village?

MR. D. DERKSON: Then, to me, it becomes a philosophical exercise. If my tax is not going to change, why go through the exercise? All you are doing is putting it from one pocket to another. Why are we then changing it? I am suspicious of the whole exercise, believe me.

MR. D. BLAKE: You are suspicious of government.

MR. D. DERKSON: Yes, definitely.

MR. D. BLAKE: Thank you, Mr. Chairman.

MR. CHAIRMAN: Further questions? Mr. Adam.

HON. A. ADAM: Mr. Derkson, one of the recommendations, and I think it was pointed out by Mr. Clarkson, land-intensive farmers picking up a substantial amount of taxes in the municipality, whether it was for municipal services or education levies and as opposed to a similar value farm operation which was building-intensive - that is one of the things they saw as being inequitable. I know that many municipalities have brought that forward from time to time that they have difficulty in deciding who is a farmer and who is not a farmer. Mr. Clarkson pointed out that a small farmer with a half-section that would have to go out and supplement his income would not have to work out very long in order to find his residence taxable, whereas a larger farmer with a large land holding could go out and work a substantial amount and earn a substantial amount of income off-farm and still not have his residence taxed. How would you see us rectify that problem, as indicated in the report?

MR. D. DERKSON: In reply to that, maybe you can't relate to this - you are not farming - if I were farming half-a-section, I probably would not have to work out as much to pay for the expensive hobby. If I farm more acres, I would probably have to work out many more hours just to justify me staying on the farm.

MR. CHAIRMAN: Are there further questions from members of the Committee? Hearing none, Mr. Derkson, thank you very much for your presentation.

Mr. Cliff Graydon. Mr. Graydon. I will call Mr. Graydon again at the conclusion of the meeting.

Mr. David Roberts. Mr. Roberts.

MR. A. DRIEDGER: Mr. Chairman, I believe we have Mr. Robert's brief in our pile here. I don't know; I thought it was the intention that he would appear. But I believe it is here.

MR. CHAIRMAN: The members of the committee have received a copy of a brief from Mr. David Roberts. Perhaps he is not attending to present it and has just submitted it in writing.

Mr. Henry Hildebrand, Reeve of the Rural Municipality of Rhineland. Mr. Hildebrand. Please proceed, Mr. Hildebrand.

MR. H. HILDEBRAND: Mr. Chairman, a lot of these things that have been discussed in Winnipeg the other day - I was at the Winnipeg hearing and we didn't have time to present our brief, as there were too many there. Our main concern is in this brief, but I have some comments I would like to make before I start with the brief.

When there is some concern about assessment being shifted - I heard the Minister say the other day that he was concerned that there were so very few people from the city or from the urban areas. I think there is a reason for that because every time we have had a tax shift in the last 10 to 15 years, it has gone to the farmlands and to the business places. They have got the brunt of it, and this is why.

In 1966, we were assessed from \$8 million, it was raised up to \$16 million. Our assessors then told us,

oh, it doesn't matter how much we assess you; the mill rate is going to be lower. We told them then, we were going to pay for intermunicipal services. Oh no, we're going to equalize that thing. With what do you equalize that thing? Well we equalized it; we're going to pay a fair share of taxes for all of us.

In 1966 and 1967, the towns in our municipalities and R.M. paid about equal share-per-pupil of assessment dollars for our children. In 1967, when we got the increase in our assessment, it was just about doubled and, among many places, more than doubled what the rural people paid for education than the towns did. The smaller the town is, the less taxes they paid. We have a lot of people in our towns that pay very little taxes or none at all and yet professional people get one of the highest wages. We have argued this with Assessment Branch, but the always say, we equalize this and, by gosh, we've never found what their equalizer is and I don't think they know, because we don't know and they don't know and our taxes have been up. Every time, like I said before, it has been shifted to the farmland and the business people in town; the residents got the better end of the deal.

So when we were at this hearing the other day - we had some hearings - they always compared us with B.C. Why compare us with B.C. when we are more in a situation like Saskatchewan and Alberta. My neighbour has land in Saskatchewan and Moosomin. His assessment on that quarter is \$3,350 and today's value of the land is \$80,000.00. His school taxes on that land is 10.5 percent or 10.4 percent, in that area. He pays \$338 in school taxes. His general municipal are 9 percent. He pays \$301 on general municipal and including the hospital. His total taxes are \$639.00.

I had a quarter-section in 521 East. At today's value, it would be about \$100,000.00. My school tax alone is \$825.00. When we talk about comparing with B.C. - I don't know why we don't go to Alberta and Saskatchewan. I know it's not your fault, but I am critical about where they went to get information when we have so much in common with Saskatchewan, rather than with B.C. We have a lot of our quarter-sections, this one I brought up where I pay \$825, only assessed at \$8,000; a lot of our quarters are assessed as \$12,000.00. Then you can see what the impact will be on \$12,000.00.

So this is our concern and we hope, when municipal people get together and put this thing together, it just won't be Civil Service and Assessment Branch that comes up with the formula of equalizing. I hope there will be input, like you said before, from the public, because the people from Assessment Branch and also a lot of MLA's and civil servants are so far out of touch from farm property and what their base is that they're far out of tune. So this is our hope, that some of these samples will be done from our Rural Municipality of Rhineland. We have one of the highest assessed land in the area and I wish we had a sample copy of our municipality, where the high cost of land is a major factor, much more so than in the submarginal land. So now I'd like to start with my presentation.

Having reviewed the statistical analysis of the impact of selected M.A.R.C. recommendations, we are convinced that our farmers would be paying considerably more for school taxes if the recommendations are implemented. We base this on

the fact that much of our land is defined as Class 1, Class 2 and Class 3 soils by the Agricultural Land Capability System of Canada Land Inventory. When this land is assessed at full value, the portion level will certainly result in a higher foundation levy than that of municipalities which have a lot of marginal land.

The Rural Municipality of Rhineland has a unique physical characteristic in that we have some 15 to 20 villages and hamlets within our boundaries. These settlements were established over a hundred years ago and usually consist of 5- to 30-acre lots. The R.M. of Rhineland is presently in the process of adopting a development plan and zoning bylaw, and one of the proposals is to direct subdivision activity to these settlements rather than in the rural areas. We foresee that some of these new subdivisions may be used for farming purposes. These farmers, along with all those already situated within the settlements, would be treated unfairly by the M.A.R.C. recommendations, IVB.2, which states that all farm buildings should qualify for an exemption equivalent to the value of land contained within the parcel of land in which the outbuildings are situated.

Council feels that the recommended exemption is unfair to the farmer whose buildings are situated on a small holding. We feel this would encourage farmers to locate outbuildings on the most expensive land to derive the greatest amount of exemption possible. This certainly would not be in the best interests of planning and land use. Council would suggest that a more equitable form of assessment would be made to all farm outbuildings taxable with the exception of those buildings used for the storage of machinery and grain. We would propose to eliminate all other exemptions. However, specialized livestock buildings should be exempt when vacant for a period of time.

We feel that the Property Tax Credit Program should be discontinued and these funds should be used instead to reduce the Foundation Education Levy. It is our view that every home should pay at least some taxes. Our Income Security Programs are such that, where a homeowner could not afford to pay his taxes, help would be available.

Thank you for this opportunity to express the views of the R.M. of Rhineland Council on M.A.R.C. Report. I trust that you will give these proposals your serious consideration. Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you for your presentation, Reeve Hildebrand.

MR. H. HILDEBRAND: I have one other thing here regarding our school rebate. Our special levy in schools in our municipality is around \$500,000.00. Our property rebate is \$272,000.00. The Town of Altona, their special levy is \$226,000; they get a rebate of \$227,000.00. The Town of Gretna, they have a special levy of \$24,000 and they get a property rebate of \$44,000.00. So I hope you can see some of the comparison to what we are talking about.

Thank you.

MR. CHAIRMAN: Questions? Mr. Adam.

HON. A. ADAM: Mr. Hildebrand, I had one question in regard to your concern about one recommendation

in the Weir Report that the farm outbuildings be exempted equivalent to the value of the land. You feel that would be unfair to some farmers. Would you have an opinion or a comment to extend to the Committee in regard to if there was a certain amount of exemptions on the outbuildings, say a flat rate of exemptions of whatever?

MR. CHAIRMAN: Reeve Hildebrand.

MR. H. HILDEBRAND: We have an R.M., like I said in this report, there's a lot of little hamlets where people got exemptions; if they had four acres or more, they were exempted and classified as farmers. We have 15 to 20 hamlets in our area that we try to encourage the farmers to put their buildings on these places, rather than where their land is maybe two or three miles out of the hamlets, to put their granaries and machine sheds up there. But this is the case now, that these people will be taxed for anything more than their land value, they will not build in these hamlets, so we'll have to supply services, maybe build new roads to some other areas. So we were thinking of maybe, if we could classify redemption of - what is half-a-section or a quarter-section worth? - redemption of that.

HON. A. ADAM: Thank you, Mr. Hildebrand. I'm not sure whether you commented in your brief about the assessment of farm residences. What is your opinion in that regard or do you have an opinion?

MR. H. HILDEBRAND: What we would really like is to have all residences in the municipality assessed on the full value and just use them for education taxes and leave the land for our own municipal business, but the towns would never go along with it and neither would the government because the town residents would pay too much taxes.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Would that include also services to the residents such as fire and policing or whatever, exemption from those services as well?

MR. H. HILDEBRAND: For fire we could take that off their land as far as what we're doing now - to service fire departments in this net that's what we do now. We even share with towns in these things. We could take that off the land, but as long as education, if all our dwellings would be taxed full value, town and the country, and just use them for education purposes we would be happy.

MR. A. ADAM: When you say full value, are you referring to current market value or average market value for a period of two years or . . . ?

MR. H. HILDEBRAND: I don't think we would mind which figures you use as long as they are just used for education, then we would have land for municipal purposes.

MR. A. ADAM: Thank you.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Reeve Hildebrand, have you had a chance to find out what the impact of the M.A.R.C. Report would have on your municipality at all in terms of if it was applied as it is written out in the document?

MR. H. HILDEBRAND: Well our secretaries did some work and they said it would go up, way up, for the rural people, and that's why I wish we had a formula from the assessment boys to see what would happen.

MR. A. DRIEDGER: But a partial study has been done to find out what the impact would be to some degree?

MR. H. HILDEBRAND: Yes, the Norland is much higher priced than the land that they have used in these formulas. So it would be a much much different picture than what is in these samples up here.

MR. A. DRIEDGER: What did you use; did you use full market value on the land or did you use the assessment as it is presently?

MR. H. HILDEBRAND: In our area?

MR. A. DRIEDGER: In your area, yes.

MR. H. HILDEBRAND: Yes, we just took the current trend, what the trend was, average price now. And then the municipal administration they figured out it would be much much higher.

MR. CHAIRMAN: Further questions for Reeve Hildebrand?
Mr. Gourlay.

MR. D. GOURLAY: Yes, in your preamble, Mr. Hildebrand, you made reference to the fact that the Committee were only making reference to, I think, the B. C. situation. I believe Mr. Clarkson indicated in his preamble, or in his address this morning, that they did look at B. C. That's true, but they also looked at Saskatchewan and Alberta and Ontario, I believe. So, they have taken into account, as well as B. C., the other two prairie provinces and Ontario.

You also indicated or made reference to the City of Winnipeg and the fact that not many people came out to the hearings to make presentations in Winnipeg. I wonder, how do you feel about the recommendation that a single assessing authority be proceeded with? At the present time, as you know, we have two authorities, one in the rural part of Manitoba and one in the City of Winnipeg. How do you feel about moving to a single assessing authority in the province?

MR. H. HILDEBRAND: Oh, I think we'd go along with it on a single authority, but I think there should be more input from the rural areas, not just, like I said before, more or less Assessment Branch in Winnipeg making decisions.

MR. D. GOURLAY: Okay.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Mr. Hildebrand, I'm interested in your comments that you did a test model in your municipality

on the impact; you did a little green paper of your own, I understand.

MR. H. HILDEBRAND: No, we didn't.

HON. A. ADAM: No.

MR. H. HILDEBRAND: No, I said, I hope we get one from you, from the Assessment Branch.

HON. A. ADAM: No, but I thought you had mentioned that your secretary had done something . . .

MR. H. HILDEBRAND: No, they just did a little figuring. They said if we had our full value and also the residential area our assessment would go way way up, according to what the towns would go up.

HON. A. ADAM: I see. In trying to come up with those figures, did they have any information on the valuation of farm buildings in order to come up with that model, or . . .

MR. H. HILDEBRAND: We have some assessment on some farm buildings.

HON. A. ADAM: You do?

MR. H. HILDEBRAND: Yes, we have some that are in the rural area, but they are not like people that live in the rural area that are non-farming people.

HON. A. ADAM: I see. The department doesn't have any figures for Rhineland for outbuildings except where those would be taxed, I suppose.

MR. H. HILDEBRAND: Yes, that's what we are referring to. People that live in the rural country now that are not farming.

HON. A. ADAM: Thank you.

MR. CHAIRMAN: Further questions? Hearing none, Reeve Hildebrand, thank you very much for your presentation and thanks to your council.
Mr. Louis Balcaen.

MR. L. BALCAEN: Mr. Chairman, members of the Committee, I believe that you have a copy of the brief that I'm going to read now.

I'm a dairy farmer from La Broquerie. I'd like to thank you for giving me the opportunity to state my views on this very complex subject. I had the time to come here because of a very real concern that I have as a dairy farmer regarding some of the recommendations contained in the statistical analysis.

As the report states on Page 27, "Within the farm category, the more building-intensive the farm, the greater the increase in taxes. Dairy farms realized a larger increase in taxes at the valuation level than did mixed farms." I might add that based on the examples given the increases are considerably higher, even at the portion level. It is the nature of dairy farming to have a quantity of and good quality buildings. Firstly, large animals require a lot of space and also consume

large amounts of feed. In the production of milk that feed has to be of top quality. In order to be so, it necessitates either large hay sheds and/or silos. In producing milk certain quality standards have to be met, demand a higher quality building. There is no farming operation today, I believe, that requires more in terms of buildings as a sound well-managed dairy operation.

I do not pretend to be an expert on the problems of taxation. I admit that I come before you with more questions perhaps than answers. After reading the Report of the Statistical Analysis, the Impact of Selected M.A.R.C. Recommendations I understand a little more of the problems you are trying to solve. I fail, however, to grasp the rationale for shifting more of the tax load on building-intensive farm operations. There is absolutely no evidence that dairy operations have a greater capacity to pay than any other. Yet, because of the nature of the operation, they will be so much more vulnerable if the recommendations are followed.

I have no specific recommendations to make to you today. I understand that you have received many; some have come from people who share my concerns.

I support the concept that all residences be assessed to their full market value and that school taxes be levied on them. Municipal taxes should be on land and only on production buildings such as barns. I might add here that the reason I say this is I don't think that we're necessarily asking for preferential treatment, but if we based it on production buildings, be they hog barns, chicken barns and so on, I think we could live with that. I think when you get past that, dairy farms are, as I said before, need more buildings, I am especially concerned about silos I think and we would like to see them exempt.

I hope that you will give some consideration to these concerns and I thank you for the opportunity to present them to you.

MR. CHAIRMAN: Thank you very much, Mr. Balcaen. Questions from members of the Committee.

Mr. Driedger.

MR. A. DRIEDGER: Mr. Balcaen, just to make sure - I gather the differential that you are indicating on Page 3 in that paragraph where you say, "I support the concept that all residences be assessed to the full market value and that school taxes be levied on them. Municipal taxes should be on land and only on productive buildings such as barns." What you are referring to is the dairy barn itself and the outbuildings, for example, silos, haysheds, etc., that are required as part of the operation, should not be taxed?

MR. L. BALCAEN: That's correct.

MR. A. DRIEDGER: By that, I would assume when we talk about a broiler or a hog operation that the main productive barn unit could also then be taxable in your mind.

MR. L. BALCAEN: I don't suppose any of us relish the idea, as producers, that they be assessed but what I'm saying is that if this is going to come about, we would favour that approach.

MR. CHAIRMAN: Any further questions? Mr. Scott

MR. D. SCOTT: Mr. Balcaen, you are saying that a dairy barn as opposed to a hog barn is not a production building?

MR. CHAIRMAN: Mr. Balcaen.

MR. L. BALCAEN: No, I did not say that. I compared them on perhaps being some consistency and being able to compare them.

MR. D. SCOTT: So you are asking for an exemption on silos, hay barns, nonproduction facilities such as that where the animals are not kept inside. Thank you.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: . . . any charges or any assessment now on silos at all?

MR. CHAIRMAN: Mr. Balcaen.

MR. L. BALCAEN: I am not absolutely sure of that. I would think that it would be part of the assessment that is put on farm buildings, but I would have to ask that, I'm not sure.

MR. R. BANMAN: I just might add that there have been a number of people that have expressed the same concern you have to the Committee. Up in Gilbert Plains and other areas, it has been pointed out that the dairy farmers, because of the nature of our winters and that, have to put up a lot more feed than our neighbours to the south. Those are really not buildings that bring in any additional revenue and as such have expressed their concerns with regard to that.

One further question with regard to the exemption of the buildings. We have mentioned that today. On the model that has been done, the exemption has been equal to the amount of land or the assessment on the land on which they sit. Do you feel, in your particular instance and generally in the municipality out there, that that would be acceptable to the dairy people?

MR. L. BALCAEN: You are suggesting, if I understand correctly that the total assessment of the farm be taken and not just the land on which these silos sit or these building sit, is that your question?

MR. R. BANMAN: The recommendation in the report is that it takes - let's say, if you are sitting on a quarter that the exemption be equal to the assessment on a quarter. There has been some concern expressed about that. I'm just wondering how that would fit in your particular case.

MR. L. BALCAEN: I'm sure that in some cases it would alleviate the situation. In other words, if a person would have a great amount of money in buildings and also own six or seven quarters of land, if all the land assessment could be used, a total land assessment versus just the one quarter, it would certainly alleviate the situation. But I think you might get into situations, for instance, where you have a combination of a grain

and dairy farm so there are problems there. We all know that there are a lot of grey areas in this whole situation; it's not all black and white. So this is why I would favour a complete exemption instead of going that route because we might create more inequities than we avoid.

MR. CHAIRMAN: Further questions? Mr. Banman.

MR. R. BANMAN: I guess one of the largest problems we are all wrestling with is there are, as we know in our area, some pretty large operations in hogs and broilers that are paying \$68 a year taxes and we can quote several examples. I guess the difficulty the committee has is, how do you develop a model that creates some equity in the system so that everybody is paying their fair share. It is not an easy one and I haven't got the answer today either.

MR. CHAIRMAN: Further questions? Mr. Adam.

HON. A. ADAM: Mr. Balcaen, you say very strongly in your brief that you want to see farm residences assessed at market value. Does that also apply to the farmland? Would you like to see farmland assessed at market value too?

MR. L. BALCAEN: My understanding of the whole exercise - and I don't pretend perhaps to understand it that thoroughly - at least as I see it now is that we would like to get as close to it as we can and assess everything as close as we can come to its market value.

HON. A. ADAM: Do you support that concept?

MR. L. BALCAEN: From my understanding, yes.

HON. A. ADAM: Thank you.

MR. CHAIRMAN: Further questions? Hearing none, Mr. Balcaen, thank you very much for your presentation to the Committee.

Mr. Leo Braun.

MR. L. BRAUN: Submission to the Standing Committee on Municipal Affairs. Mr. Chairman, Members of the Committee, we appreciate this opportunity to express our concerns regarding recommended taxation changes, developed in a statistical . . .

MR. CHAIRMAN: Pull the mike forward a little so we can hear you a little better and perhaps speak just a little louder so the mike will pick you up.

MR. L. BRAUN: Thank you. Should I start from the beginning?

We appreciate this opportunity of expressing our concerns regarding recommended taxation changes developed in a statistical analysis of the impact of the selected M.A.R.C. Weir recommendations. We regret not having been informed of the recommended changes until they were brought to our attention by the Manitoba Milk Producers Marketing Board.

Number 1 - We agree that it is time to change our taxation system. Farm residences should be subject

to assessment and payment of school taxes. We believe that users of educational facilities should pay for the cost of their operations.

Number 2 - However, while farm buildings and farmlands should be assessed for municipal taxation we feel they should not be taxed to support educational facilities.

Number 3 - Most farm production is already controlled by a quota system and price restrictions giving residential owners a monetary benefit over farm operations. Therefore, we do not see the need to overtax farms in addition to this break.

No. 4. We questioned the advisability of taxing residential properties that are over one acre as farmland since, in most circumstances, the acreage have been taken out of agricultural production. We feel there would be inequity in taxing farm structures used for storage of field crops, crops that have already contributed their share of taxes on the land they were raised on. Storage facilities of this kind are especially needed on livestock-intensive farms who need a large supply of feed for the winter months. We believe it would be unfair to tax farm operators for using the most efficient means of storage available.

No. 6. Also, there are many farms that are operating on a partnership basis to provide a more efficient way of raising farm products. These farms, being more building-intensive, would then be required to contribute more taxes than if each owner operated his own farm. We feel this places undue taxation on efficiency to produce a lower cost product, and also on farms providing jobs to local residences.

We thank you for the opportunity to make this submission and trust you will give this your favourable consideration. Thank you.

MR. CHAIRMAN: Thank you, Mr. Braun.
Mr. Driedger.

MR. A. DRIEDGER: Mr. Braun, you're in the dairy business like Mr. Balcaen. Mr. Balcaen had indicated that he was not opposed to having, I'd say, the main barn possibly assessed for taxation purposes. Do you agree with that concept?

MR. L. BRAUN: Yes. I think I mentioned earlier that I agree that we need changes in our taxation system, and I believe farm buildings should be taxed. But what I am opposed of is, if we use storage buildings like granaries, silos, that type of building for taxation and residences as well, I believe I'm raising my family in the residence, therefore, I should contribute my share in paying school taxes.

MR. A. DRIEDGER: So, Mr. Braun, your objection would be pretty well the same as most dairy farmers, that you don't mind having the main barn, the productive barn, being assessed for taxation but any of the outbuildings which are a requirement to run that kind of an operation that they should not be assessed. Is that correct?

MR. L. BRAUN: Yes.

MR. A. DRIEDGER: Thank you.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: I was going to ask similar questions to what Mr. Driedger asked. Perhaps I could ask further whether you have any opinions to offer in regard to the exemption that has been recommended in the report on those buildings that you say should not be taxed. There is a recommendation there that the assessment on those outbuildings should only be that portion which is above the value of the land that they are situated on. Does that go part way or all the way in your situation, do you feel?

MR. CHAIRMAN: Mr. Braun.

MR. L. BRAUN: I am not too sure if I understand you quite correctly.

HON. A. ADAM: I could maybe try again. The recommendations say that we'll assess outbuildings, but we will subtract the value of the land upon which they are situated. If the land value is more than the buildings there would be no assessment on outbuildings if we follow these recommendations.

MR. L. BRAUN: The problem myself is I rent a lot of land and I have all the buildings on my own property. When I crop somebody else's crop, put it into my storage on my 72 acres - which was an example on Page 26 - therefore, cropping my neighbor's crop, put it in my 72 acres, I'd have to pay an extra tax just because I have the facilities. For that reason, I would prefer not to tax storage buildings.

Another thing is, like we have a family corporation; we employ 12 people. Therefore, we're probably, I'd say, from six to ten times bigger than the average farmer but it's contributed on 72 acres among 12 people. So, on this piece of land, I would have to pay an extra tax just because of the size, and yet I share it with 12 other families. But just because we are in one area we would have to pay undue taxes, I believe.

HON. A. ADAM: You haven't got, as I understand, a large land base where those outbuildings are situated on. What would your opinion be if there was a certain amount of exemption on the outbuildings which would maybe go to equalize your situation as opposed to another farmer who would have quite a bit of land, a quarter-section? What would your opinion be on that?

MR. L. BRAUN: I would agree to that but, preferably, I'd have no taxes on the outbuildings. I understand outbuildings are storage buildings. That's what you refer to, right?

HON. A. ADAM: I don't think that the report outlined any definition about our outbuildings. They just said, outbuildings, whether they be storage or active buildings that you use for milking parlours and all that. They didn't differentiate.

MR. L. BRAUN: If I pay taxes on my dairy operation, I can understand that and I appreciate that, but on nonproductive buildings it, to me, is a different story. It's a storage I use to crop my crops because they

don't grow in the wintertime. I have to crop it; I have to have proper buildings to store it. That's where I would be mainly concerned.

HON. A. ADAM: My question was, and perhaps you answered it but to clarify it, I was asking for your opinion on whether, if we had a flat amount on all the buildings, your milking parlour and your silos or whatever you have, there's a flat exemption because you only have a few acres on which they're situated, whether that would be acceptable. That was the intent of my question.

MR. L. BRAUN: As I understand, yes.

MR. CHAIRMAN: Further questions?
Mr. Banman.

MR. R. BANMAN: You have - what do you have? - five silos.

MR. L. BRAUN: Right.

MR. R. BANMAN: Any one of those silos would be equal in value to really the land it sits on, the 72 acres, right?

MR. L. BRAUN: Right.

MR. R. BANMAN: So, under the present system, you'd have four that you would have to pay tax on; you'd only get the one exempt? That's the way it looks right now. And I guess, in response to what the Minister has been saying, the problem that you face is because you have such an intense operation. You feel that this system would penalize you for being that size and providing that type of an intense livestock operation. And really, I guess, if you're looking at just a straight exemption of, let's say, \$150,000, in your case really that wouldn't help you very much because you've got silos that - and I think Mr. Balcaen would be in the same case - are worth much more than that and would cause problems even at that time.

MR. L. BRAUN: Right. It would depend what kind of exemption he was talking about.

MR. R. BANMAN: So, if we're talking about an exemption of \$50,000 you'd be in trouble.

MR. L. BRAUN: Yes, which wouldn't help me very much, in that case.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: How many other operators in the municipality would be in a situation similar to yours?

MR. CHAIRMAN: Mr. Braun.

MR. L. BRAUN: Sizewise, none.

MR. D. BLAKE: You'd be the largest in the municipality.

MR. L. BRAUN: There might be a few hog operations, but they don't have the storage facilities so it would make a big difference.

MR. D. BLAKE: With only being one in the municipality, there could be some exemption made for special situations such as large dairy production units or hog production units if they were in a unique situation of having a very, very small land base and not getting that larger exemption. If they were basing their exemption on the value of the land, they would have to make some other exemption in your case to give you sufficient benefit to cover your silos because, if you're using Harvesters, they're worth - what? - about \$120,000 now a unit or a silo.

MR. L. BRAUN: Yes, they would be around \$100,000.00. That's why I say, if you don't have storage buildings, that would make a very big difference. It would have a very big impact on our taxation on our particular operation. So, unless you had a considerably big exemption on taxation in our situation, in a similar type of operation, it would have to be a very large portion. Otherwise, it wouldn't really make that big a difference. I mean, compared to other operators if you want to just level it with the exemption.

MR. CHAIRMAN: Further questions?
Mr. Blake.

MR. D. BLAKE: I think that's a situation, Mr. Chairman, looking at the examples that were chosen here that is something the Committee will have to look at.

MR. CHAIRMAN: Further questions for Mr. Braun. Mr. Braun, a further comment?

MR. L. BRAUN: I would like to have one more comment, please. In Manitoba, we have quite a few Harvester owners and any sealed unit, whether it's Harvester or a different brand - it doesn't really make a difference - the values are still around, let's say, 100,000 or a little better right now and especially dairy and beef, they could have from - well, in our case we have five, but a lot of smaller dairies, they have two structures and more. So if we assess the storage facilities, most of them would pay, I believe, an unfair taxation burden.

MR. CHAIRMAN: Thank you very much, Mr. Braun.
The next name on my list is Mr. Luc Catellier. Mr. Catellier.

MR. L. CATELLIER: Mr. Chairman, Ladies and Gentlemen, I'm representing, by the way, the R.M. of De Salaberry. At the beginning, we supported the review of assessment system in Manitoba, as we totally agree that there are gross inequities in the sharing of tax burden in this province. The study, however, seems to reveal that there will even be more serious inequities between the farming and residential communities, as the farming sector will be realizing overall increases in property taxes. We have been told that this was not the intention of the study. However, the results show otherwise.

Regarding the UMM brief presented in Winnipeg, we do not feel that these recommendations, as presented in the green book, should be implemented, but that another study should be presented to us for further consideration. We feel that, if this study is implemented

as is, many more inequities will continue to exist and will always do so as long as taxation is based on property.

In closing, I guess we say, we'd like to see a system of taxation, especially on school tax, based on one's ability to pay; example, income tax. Gentlemen, I think, whenever we have talked about taxation based on one's ability to pay, as income tax, we've always heard the same story - it's political suicide. I guess what we are saying here, gentlemen, is that we're challenging a responsible government to do what may well be right, not what's politically wise.

In closing, when we talk about ability to pay on income tax, I will perhaps ask a question that we'd like answered, if you care to answer it or care to answer it later. When we're talking about education costs, and as you well know the government has just promised an increase in funding to the schools, we would like to know if this increase is coming from general funds, such as sales tax, income tax or other tax, or does it come from an increased amount in Foundation Levy which a municipality will have to charge to the property owners.

Thank you.

MR. CHAIRMAN, D. Scott (Inkster): Mr. Adam.

HON. A. ADAM: I believe you indicated that there isn't enough information that we have been able to provide up until this point in time and are you recommending that we do more studies to have more data available to us?

MR. L. CATELLIER: Personally, I don't understand all the impact that the green book has. The Summary, I guess, tells us that there is a shift and it was not the intention. I think, yes, we need more information, definitely, and we would like further study on it.

MR. CHAIRMAN, A. Anstett (Springfield): Mr. Adam.

HON. A. ADAM: Mr. Catellier, you didn't express any opinion on whether farm residences should be assessed or outbuildings. You were only concerned about major shifts and . . .

MR. L. CATELLIER: This is a municipal concern. Personally, I don't think I can comment that much on it because I own a 50-year-old house. My personal view is I think most people would be ready to share in that residential tax. The way it's presented, I don't think it's fair because it seems to shift from - the farmer will be paying more - he doesn't mind paying for his house, but he will still be paying on the property, which we don't think is fair there.

HON. A. ADAM: I think that's been commented on a number of occasions and I think the response from Mr. Clarkson was that the committee's intent was that the overall farm assessment would not increase. There would be shifts within the classification, as the speaker before you, Mr. Braun, who had a building-intensive farm. No doubt, if we carried out the recommendations as recommended there would be some shifts within the classes, but the total provincial provincewide

classification would not increase and I think there have been suggestions that the farm buildings be in the farm pool. Therefore, the assessment of the farm residence would lower the portion that the land would pay.

So I think the intent is there. I don't think the report suggests in any way that there would not be shifts within classes. It would depend on the different situations. Every individual situation may not be identical because you can't find a perfect average.

MR. CHAIRMAN: Further questions? Mr. Ashton.

MR. S. ASHTON: Since holding the hearings in various areas of the province, we've heard a fair amount of feedback about the school tax levy, in fact, some suggestions that it be raised through income tax rather than property tax. I am just wondering though, if I could mention that you'd prefer to see it, if you would know if the people in your area would be aware of the fact, for example, that if we were to eliminate all the school levies, not including the municipal taxation, that would be equivalent to the . . .

MR. CHAIRMAN: Order please. Does the member have a question about assessment or is this going to be a question about taxation policies?

MR. S. ASHTON: Excuse me, Mr. Chairman. My question was relating specifically to the presentation. I thought it was in order.

MR. CHAIRMAN: The purpose of our hearings is to deal with assessment policy, not with changes in government taxation policy or we would be here for a week. If you have a question on assessment, I am willing to hear it.

MR. S. ASHTON: My question beyond that was in relation to the specific question here today of the way in which the present taxation, putting that aside for the present moment, is to be levied, what your views are in terms of the suggestion of the Weir Committee that it be assessed in regards to market value. There have been various questions throughout the province in regards to this particular area as well. Do you think market value is a better reflection, for example, than replacement cost or the original construction cost of, say, a house?

MR. CHAIRMAN: Mr. Catellier.

MR. L. CATELLIER: I don't personally understand everything about this market value and all that, but I am sure that having it at market value probably would simplify it. Whether it is better or not, I don't know.

MR. S. ASHTON: In terms of the market value, one concern that was expressed in some areas was the fact that the cost of construction would be higher in some of the rural areas. I am just wondering if that's the experience and if there will be any concern that the market value might be overassessed because of that higher construction cost.

MR. L. CATELLIER: I am afraid I don't quite understand enough about it that I could answer.

MR. S. ASHTON: In particular, in your area, would there be any higher cost involved in construction of residences? I know in Thompson, for example, our residences just within the cities are considerably more expensive to build than, say, in the City of Winnipeg.

MR. L. CATELLIER: Certainly being in a rural area, it would probably be less, rural setting.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: Luc, the municipality of De Salaberry is not unique, I suppose, but you have a fairly large grain-oriented base and then you have more marginal land which is more livestock-intensive. Does your council feel that there are inequities in the system right now regarding assessment between, let's say, the land-intensive farmer versus the livestock-intensive farmer.

MR. CHAIRMAN: Mr. Catellier.

MR. L. CATELLIER: When you talk about a school tax and a municipal tax, you just can't argue any more because I don't think there's any - whether it is marginal. There are inequities and we see it. But when you talk about municipal tax and you are talking, let's say, to a councillor and a taxpayer is talking to you or whatever, he'll argue something about what you are not doing right. If it's too high, you can say something about it but when he comes to school tax, there just doesn't seem anything he can say. When you talk about the differences, they realize there are differences amongst each other. It just seems you can't put them together and talk about it because, on the municipal end, he can talk to you but, on the other hand, he can't if a big portion of his bill is going to the school tax.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: No, thanks. I was going to raise a question that Mr. Ashton raised in regards to market value and that was answered by Mr. Catellier.

MR. CHAIRMAN: Thank you. Mr. Banman.

MR. R. BANMAN: Mr. Catellier, is the R.M. of De Salaberry having problems with the definition of a farmer? In other words, are you having problems where certain residences are being taxed on the farms because the outside income exceeds the on-farm income.

MR. CHAIRMAN: Mr. Catelier.

MR. CATELIER: We've had a few examples, I think in, the last Court of Revisions where we've asked a person to present bills. I think it happened with two people. I don't think it is a big problem. I think you have to rely on your conscience more than anything else. Sometimes, you realize a person with a very small farm practically making nothing and you know he worked three months out of the year and he made more working out. You're sort of asking a question to yourself. Now, as it has been asked before, I think on a big farm it is hard to make that judgement in some cases because

he can make so much off his farm that anything he does out of it doesn't really account for half. There is no way you could prove he makes half.

MR. R. BANMAN: That's, I guess, one of the problems the Committee is wrestling with. If you've got a livestock operator, a cattleman, who has had a rough year and then goes out and drives a school bus or something and his off-farm income is more than his on-farm income, suddenly his home is taxed and that is a bit of a problem. I guess that is why we're asking what your response is as to whether residences should be taxed or not.

MR. CHAIRMAN: Further questions from members of the Committee on assessments. Mr. Gourlay.

MR. D. GOURLAY: Mr. Catellier, you indicated at the start that you were originally satisfied with the Assessment Review recommendations, and then you've had certain reservations since. Were your reservations based on the summary of the green book?

MR. CHAIRMAN: Mr. Catellier.

MR. CATELLIER: I would have to say, yes.

MR. D. GOURLAY: Were you in attendance earlier when this point was discussed and some clarification provided?

MR. CATELLIER: What point would you be talking about now?

MR. D. GOURLAY: That was today when, I think, Mr. Clarkson or Mr. Brown indicated, using specific portion of the province to do a test case maybe doesn't always reflect the true picture that will happen in, say, your particular area.

MR. CATELLIER: I realize that you just can't take it for what it is by reading it and in the Summary, they say it wasn't their intention. We're here to say we hope that's not what happens and we realize that it's not exactly what might happen but that we are here to show our concern that we don't want that to even come close to happening.

MR. D. GOURLAY: Thank you.

MR. CHAIRMAN: Further questions? Hearing none, thank you very much, sir. Is there anyone else who wishes to make a presentation to the committee? Please come forward, sir.

MR. F. BENOIT: I am Francis Benoit, Reeve of the R.M. of Ste. Anne. I will refer to a question brought up.

We are in favour of a change in our assessment. There is no getting away about it. Some of it is so outdated, I think it belongs back in the boondocks or something like that. I think there's got to be a change sometime. Some of these reviews, sometimes you look back - it is very hard for a municipality to go and say bring figures for yourself or to your secretary when we don't know exactly where we stand at today. Maybe

there should be further studies with each municipality to be brought up to where we are standing at.

The discussion further on about - aren't municipalities part of the green book, the school district of Hanover? In there in '79 figures that were given out in a pink sheet, the land assessment values are very high in that portion of the Hanover School Division. Among the shift that's going to happen there are some very intensive livestock, the land assessed value of the buildings are about 40 percent higher than the price of the land, in 1979 figures. I think Mr. Brown brought that up today in the livestock-intensive areas - that portion that's in the Hanover School Division.

I believe today we took the 1983 figures which would be somewhere around . . . We realize a lot of people are not paying any taxes on those livestock-intensive buildings. Whether the shift's going to be too high, we don't know. The farm holdings are small; we have to agree to that. It's quite a change.

I guess maybe some of these reactions, say, from the high livestock municipalities or portions of municipalities that are in certain areas that there is going to be a shift in education tax to Foundation Levy where we're going to pay more. I agree with Mr. Banman that we are going to pay more, quite a bit more, you know, in that proportion. Other municipalities are going to drop. There's no getting away from it. We pay more; others get the benefits out of it. Am I correct, Mr. Minister?

Further onto that, there was talk about productivity of land put on productivity. Our municipality is highly intensive, very high-class land, marginal land to submarginal land. Productivity would be just fallout to us, we have to go on market values. The Chairman, Mr. Anstett, he's not a neighbouring municipality, but a municipality over - not the Greater Winnipeg area. On that marginal land, it sells pretty good, because people have bought that for speculation and that stuff.

In 1979, when that marginal land went up in price and was reassessed there was a tax meeting what they call in our municipality. People jumped 20 feet high. I guess you were assessed nothing and you go 1000 percent of two dollars an acre makes quite a difference. Naturally there was a revolt; it was a pretty tough meeting and I wasn't Reeve of the municipality at the time. They asked people from government and everybody, I guess, was scared to come down and say anything. I believe that it was assessed correctly. It went from two dollars an acre maybe to 20. This is the reason why, on productivity, it would just be a fallout. It would have to be assessed on total value. What else have I got on here?

I don't believe the review is totally finished. I want to know what you want to do to it. These megaprojects, is it railroads? We have railroads in our municipality assessed at \$2,000 a mile. Farmers pay more than that. Pipelines are assessed to the statutes; they've got to be changed too, there's no getting away from that. There's no mention of . . . land and we want further recommendations through the whole thing. On these large . . . it is a base for our municipality; we don't disagree with it.

Our railroads have created a problem with us. The Thunder Bay line, they have raised heights three feet to build a line up. People can't get over with discers. You've got to make extra mile export, too; \$2,000 a mile, I think that's right out of the question today.

I guess that's about it. I have here - it just comes off my head, but I want to tell you about - this is the first question I bring up about whether it's going to be a fair deal with us we can't tell you. Increasing land values that bring in billion values maybe 60-70 percent today above land values on highly assessed land. Of course, marginal land, I'm saying is different. We're very similar to the Municipality of Hanover in that area in the Hanover School Division. Whether some of it's right, there are small parcels of land, you say small parcels, there are some of the five acres definitely should pay more; they pay nothing. When you pay nothing, they should be paying something.

This is why the review is very essential to us, that we need a review. I put lots of questions to you but, I mean, it's up to the . . .

MR. CHAIRMAN: Reeve Benoit, thank you very much for your presentation. I should point out, Reeve Benoit, that although the statistical analysis does not deal with railway and pipeline assessment in the Weir Committee Report there are recommendations which the staff would be able to tell you about and give you page references and everything else and details on that do affect pipelines and railways.

MR. F. BENOIT: But your statute would have to be changed when this is . . .

MR. CHAIRMAN: That's part of the recommendation of the Weir Report though. I should advise you that particular point you mentioned wasn't touched upon; it is in the Weir Report.

Are there other questions?

MR. D. BLAKE: I think that some of our staff have got the question there. I noticed them looking it up when Mr. Benoit mentioned it, on railways and pipelines.

MR. CHAIRMAN: Does staff have the recommendations? On Page 93, perhaps one of the members of the committee could cite that to you, if there are any questions.

MR. F. BENOIT: These are just recommendations to you should be looked at anyway as we proceed, too, so the municipalities know where they stand to taxation and that stuff. It will all add up.

MR. CHAIRMAN: So we have a recommendation from the Weir Committee Report on changes in the assessment of railways and pipelines on Page 93, if you want to consider it.

MR. F. BENOIT: All right, and another one, too. We have a fair amount of Crown lands in the eastern part of our municipality which is rented out sometimes. They don't pay the rent. We supply the things in these certain areas in our Crown lands in are municipality.

MR. CHAIRMAN: There also are recommendations on Crown land and assessment and taxation of Crown lands. Are there any questions for Mr. Benoit then?

Mr. Banman.

MR. R. BANMAN: Yes. Mr. Benoit, the last point you made is the question I was going to ask you, whether

or not you feel that there should be some recommendations or some action taken to provide the municipality for grants in lieu of taxes on Crown land.

MR. CHAIRMAN: Reeve Benoit.

MR. F. BENOIT: Some policy has to be changed. Whether the taxes should be direct to the municipality or not, I don't know. If they don't pay the rent or tax or so what, you know we can't sell the Crown land. Naturally, they just walk away and kind of laugh their days off. There has got to be stiffer controls brought into that Crown land situation some way or another.

MR. R. BANMAN: That would be now referring to the Crown lands that are leased out either for pasture or whatever.

MR. F. BENOIT: Pasture and mining operations or what you want to call it.

MR. R. BANMAN: You also have some Crown land in the municipality that is not being leased or rented out. Would it be fair to say that it is costing the municipality a certain amount of money for drainage and for roads?

MR. F. BENOIT: Not at the present time, no. This is fine. It is submarginal land and we don't develop it at all. It's not rented out.

MR. R. BANMAN: So you're saying, on land that's rented out there should be some mechanism to collect the taxes and the other land, leave it the way it is.

MR. F. BENOIT: This is fair enough. I agree with that. The marginal land that's sitting in there, we have to leave it as back in the boon docks or something like that.

MR. CHAIRMAN: Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. With regard to the Reeve's questions on railway and pipeline right-of-way, as pointed out, there are recommendations in the Weir Report suggesting that those two areas be adjusted to reflect more current levels, rather than what exists at the present time. You may be aware, as you stated, that both are contained by legislation but, in the case of railway right-of-way, those levels were established in 1948 and have not been adjusted since then. The Weir Report recommends that the basic principles for both railway right-of-way and pipelines be adopted in legislation with specific rates to be established by regulation.

In the case of railway right-of-way, it was commented by the committee that the rates be established on the productive value of the railway right-of-way to the railway, rather than market value. I wonder if you would care to comment on that specific recommendation that the rate of assessment be based on the productive value of the right of way to the railway, rather than the market value of that land.

MR. CHAIRMAN: Reeve Benoit.

MR. F. BENOIT: I suppose there are two options you could take into it. Our railroad runs through mostly

productive land, so I guess one could offset the other one. The municipality that has it going through marginal land will scream ten feet high. I suppose that's the reason these things will happen in there, I don't know. There are two options. You can ask Mr. Anstett. His municipality goes through maybe some nonproductive lands.

HON. E. KOSTYRA: Just to comment, Mr. Anstett also has the, I guess, two most productive railway lines, the two main lines, going through his constituency.

MR. F. BENOIT: It does help the situation.

MR. CHAIRMAN: Were there further questions?
Reeve Benoit.

MR. F. BENOIT: Mr. Kostyra, I see you appeared in the Free Press the last couple of days and what's your option as a member? What do you think of the whole situation? I might as well ask you fair; you're asking me.

MR. CHAIRMAN: This portion of the meeting, Reeve Benoit, is for members to ask you questions.

MR. F. BENOIT: I know. I understand. I am just asking assessment on it, correct? I am not asking taxation; I asked for assessment of railroads. No, it's fair enough. It's good.

MR. CHAIRMAN: Further questions, Mr. Adam.

HON. A. ADAM: Just one last question, I think you recommended that we should have further studies. Is that one of your recommendations?

MR. F. BENOIT: There is one thing about the taxation on proportionment. I don't believe that you could bring out a fair tax on proportionment today, at the present time. I attended the Portage meeting and the union man told me . . . he says, it can be shifted. Did you ever try and shift taxes once they're set and formed? You are shifting them on somebody else and, I'm going to tell you, you better have your figures pretty accurate because we don't want to have any revolt in our municipalities either and I believe, Mr. Minister, you don't want to have any revolt on yourself either.

So I think both ways have got to be pretty well accurate when we put them into place, who's going to pay and who's not going to pay - but shifts? Like it was recommended at the Portage meeting - Mr. Brown was there too I believe - he said shifts could happen after. If we're going to start fiddling around with shifts, some taxpayers can say, I'm not prepared to pay that share any more. The shift has got to be pretty accurate, I believe, on the proportionment.

In these large dairy operations, mainly on the proportions of buildings, you recommended - I didn't agree with Mr. Blake when he came up - Mr. Brown should have an exemptions personal. I believe maybe there is, on the proportionment of assessment on storage buildings, maybe on livestock operations and maybe on residences, could be proportioned to their value and maybe some proportions on storage buildings

could be shifted quite a bit lower than on the total figure. This is opinion —(Interjection)— on storage buildings, whether if you want to put it all buildings, not exempting. But if you exempt one, Mr. Blake, you know what happens.

MR. CHAIRMAN: Further questions for Mr. Benoit.
Mr. Blake.

MR. D. BLAKE: A point of verification then, Mr. Benoit has 12 or 13 employees that all have residences in the municipality and you're getting taxes on them.

MR. F. BENOIT: You see, you're quite correct there.

MR. CHAIRMAN: Further questions for Reeve Benoit. Hearing none, Reeve Benoit, thank you very much for appearing today.

MR. F. BENOIT: Thank you.

MR. CHAIRMAN: Is there anyone else who is not on the list who would like to speak to the committee. Please come forward.
Yes, sir.

MR. J. FRIESEN: Jake Friesen, Hanover. I would like to know why it's called the Weir Report. On the assessment authority, the question came up: should we have two or one? I would like to trade for the other one. We, in Hanover, feel that \$4 million to pick up extra for the school division - I don't see how we can justify that. The shift is too big. I think we should remain as we are. At the time, I thought it was supposed to be a minor shift in the municipality, but now it seems to be a major shift towards - I think it's unfair. Thank you.

MR. CHAIRMAN: Mr. Friesen, please wait. There may be questions from members of the committee for you. I would offer one comment. You asked why it's called the Weir Report. It is the report of the Manitoba Assessment Review Committee, appointed in 1979 by the previous government, and the Chairman of that committee was the former Premier of the province, Walter Weir. Most people refer to the report as the Weir Report because he was Chairman of the committee that wrote the report. If you wish, you may call it the M.A.R.C. Report or the Manitoba Assessment Review Committee Report or whatever. It's all the same report; it just goes by a couple of different names.

Are there any questions for Mr. Friesen from members of the Committee? Mr. Driedger.

MR. A. DRIEDGER: Jake, the concern that you expressed, the R.M. of Hanover presented a brief in Winnipeg the other day and supported, to some degree, the recommendations. What you're stating is the concern that you have is not necessarily with the recommendations of the M.A.R.C. Report, but rather the impact that the taxation aspect of it could have on your municipality when you implement the Weir Report. Am I correct in that assumption?

MR. J. FRIESEN: Yes. If I go back to the people and I try and collect that money - I'm responsible to collect

as a councillor - I think it's going to be a major revolt. It just won't work; it's too much in some areas.

MR. A. DRIEDGER: Just further then, Jake, the recommendation itself is to even out some of the inequities that are in the system at the present time, you have no objection to that, but the impact of what the school taxation levies would have on that impact is what you're concern is. Am I correct?

MR. J. FRIESEN: Yes, it's too much.

MR. CHAIRMAN: Further questions, Mr. Driedger.

MR. A. DRIEDGER: But you do agree that there are inequities at the present time within the system that possibly need attention.

MR. J. FRIESEN: Yes, I live on 10 acres and I have had three major tax increases already just because I live on 10 acres and less. There was a real strong onus to tax those guys and they did and they got us. I think somebody else should pick up something too, but I can see this is going to be a major impact in my area. It just won't work.

MR. CHAIRMAN: Further questions?
Mr. Blake.

MR. D. BLAKE: I was wondering before, when Jake got the tax increase, was that before you ran for municipal councillor or after? When they increased your taxes, was that before you ran or after?

MR. CHAIRMAN: You don't have to answer that question, Mr. Friesen. Any further questions for Mr. Friesen? Hearing none, thank you very much, sir. Next?

MR. D. HAMBLIN: I'm Don Hamblin. We operate a family corporation on a grain farm here in Red River Valley, and my concern is what your definition is going to be when you're talking about outbuildings and concerning the exemption on what those buildings are sitting on. As you are well aware, we have river lots in this area and some of our granaries are sitting on parcels of land that are only 29 acres. We have five river lots just north of Morris here; one being 29.6 acres; another one 36.22; another 44.12; the fourth one being 51 and the last one 80 acres, which is 240 acres in total in one block of land. But any of the granaries were sitting on any individual parcel would still be classified as one parcel of land, like 29 acres, which, if you are going to tax the buildings, I think you have to have a reasonable exemption or spell out exactly what, if you're going to have an 80-acre land base or whatever. Because this is still all one parcel of land and, in fact, it's bigger than a quarter-section, but not according to taxes. They're each individual parcels of land.

MR. CHAIRMAN: Your name is Hamblin? Any questions for Mr. Hamblin?
Mr. Driedger.

MR. A. DRIEDGER: I would just like to have a little clarification maybe, in my mind at least. You were referring to about five parcels of land . . .

MR. D. HAMBLIN: In this particular instance we have 1,700 acres in total, but most of it is primarily river lot land which are all small parcels because they are an eighth of a mile wide.

MR. A. DRIEDGER: Okay, just to get that clarified. If you refer to those five parcels, lets say, river lots, this is where you have you, I assume, your granaries and your buildings, this is where your residences are on as well?

MR. D. HAMBLIN: My residence is on another parcel of land, about 17.69 acres of which there is enough grain storage capacity for 600 acres, but we've got the grain more centrally located.

MR. A. DRIEDGER: And your concern is that when you interpret the report itself where it says that the land where the buildings are located on, that portion should be exempted against the buildings. Right?

MR. D. HAMBLIN: That's right.

MR. A. DRIEDGER: In your case, what you are saying, with a small base like that it would not be very much of an advantage to you.

MR. D. HAMBLIN: No, where I live there are 17 acres of which the grain storage is actually for 600 acres but, rather than put one granary on each parcel of 34 acres, we've centrally located them and which is in the case we have our grain facilities in three separate locations, but they are all on small parcels of land.

MR. A. DRIEDGER: So, what you are saying in a sense is that kind of a recommendation would not be fair in your case.

MR. D. HAMBLIN: I am opposed to that type of recommendation, not only in our case, but I feel that anywhere river lots are involved you are going to run into a similar situation.

MR. CHAIRMAN: Further questions for Mr. Hamblin?
Mr. Adam.

HON. A. ADAM: Thank you, Mr. Hamblin. What is your opinion on the assessment, as recommended in the report, at market value and also assessment on farm buildings?

MR. D. HAMBLIN: Farm buildings as in residence or . . .

HON. A. ADAM: Yes, whether they should be assessed. They are presently exempt unless the farmer or the owner has more off-farm income than . . .

MR. D. HAMBLIN: I personally don't feel that the last statement you made, where he has more off-farm income is a fair way of judging because, as you all know, we have good years and bad years. We shouldn't be penalized for working out just to keep the farm afloat, but I agree with assessing or taxing the farm residence, but not storage buildings. Production

buildings, I think, will have to be looked at in a different light, but as far as storage buildings for a hog operation or grain farming, storage buildings are required.

HON. A. ADAM: Assessed at market value?

MR. D. HAMBLIN: Is that replacement value or the market value?

HON. A. ADAM: Market value. As Mr. Ashton has indicated, the replacement value there at Thompson would be considerably higher than down south because of the higher costs.

MR. D. HAMBLIN: The point is we have all wooden structures that have been rebuilt. Now are they going to be assessed and, say, you're going to take a 10,000 bushel granary and assess it at today's price for 10,000 for that capacity, you're just going to take a figure? Because all our granaries, even though they are updated and rebuilt, wouldn't be the same value as new ones.

HON. A. ADAM: No. I think my question was referring to residence because you had indicated that you didn't want any assessment on your outbuildings, so I was referring directly to your point. You have no objections that your house or your residence be assessed at market value?

MR. D. HAMBLIN: No, I am not opposed to that.

HON. A. ADAM: Thank you.

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

Is there anyone else who wishes to speak to the Committee? Please come forward.

MRS. L. EIDSE: My name is Lenore Eidse. I am a farm person and Councillor for the R.M. of Morris. I am disappointed that this meeting was so poorly publicized because there would surely be a lot more people here, particularly if they knew exactly what was taking place.

I remember when Mr. Weir came to a council meeting. There was some discussion on our ideas, suggestions, etc., and we expressed there our concern that, as the discussion came about assessing farm buildings - and I guess being farm persons and being councillors and we are responsible to the people whom we serve - our concern was, will the farmer be penalized again? As we discussed this at home, I said to my husband - we were talking about assessment review - and he said to me, "Lenore, they're just trying to figure out another way to get more money out of the farmer." I said, no, not really. Don't you see the title on that book? It says, "A Fair Way To Share."

I am not really totally familiar because I only picked up the Green Book this morning. I am not totally familiar with everything, but I have just now decided I am going to be. I am going to become much more familiar with it because it's very important to us. You see, in the R.M. of Morris, all our buildings were assessed this summer so the assessor was around. And I was surprised at just everything that is assessed, like an outhouse, like everything, every piece of wood whether

it's on a foundation or not was measured. If you're referring to these things as outbuildings, farmers would be much better off to take a bulldozer or a match to a lot of what's on their property and just get rid of it, if what you're talking about is assessing all outbuildings. That is a real concern to us.

I believe that, at this point, there wouldn't be a lot of animosity to taxation of homes because every person in this province lives in a home and, to me, that seems like a fair point to look at, a very fair thing. But when we look at other outbuildings, I am really afraid that the farmer is going to be penalized again. We have to become more and more efficient, just to try and eke a profit out of what we are doing. I don't believe that you, as civil servants, really understand the price that we have to pay. You just come around and you look at our houses; you look at all our buildings; you look at our equipment and they figure, man, these guys are well off, let's hit them. Do you know we must have every one of those things, the overhead, to produce the dollars to eke out a small profit for ourselves so we may exist.

So please take a careful look at the whole picture and please get farm persons involved in what you are doing because I think, for a large part - I know it's complex. The more you listen to it, the more you realize how complex it is. But I believe we would have very valuable input and suggestions to make to your committee.

Thank you.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, thank you. I am not sure whether I got your name correctly.

MRS. L. EIDSE: Lenore E I D S E, Eidse.

MR. CHAIRMAN: Like the ides of March.

HON. A. ADAM: I appreciate your concern and this is the purpose of these meetings. We want to advise you that we received a lot of recommendations that we not have these hearings, that we just go ahead and implement the report. We are not recommending anything at this point in time as to whether we will assess outbuildings or not. We are just saying that these are the recommendations and we want your reaction to them, and to assist you in reacting to the recommendations we've had staff prepare this analysis. We've also heard that there should be more studies made so we can have a clearer picture.

In regard to your comments about advance notice of this hearing, I understand it was advertised for one issue in the local paper, as well as on radio and also on the French network as well. I heard it on a number of occasions on the French network. So in the original decision to have hearings, in view of the fact that we had been recommended not to have any hearings whatsoever, we felt that we'd better proceed cautiously so we had chosen four hearings. Then because of the hearings that we did have there were requests for additional hearings and the committee decided to have one more hearing in Morris. That's the reason why this one received a bit of short notice but we are very

pleased that there has been quite a number. I think outside of Souris and Winnipeg, this meeting is just as well attended as any of the others.

MR. CHAIRMAN: Do you have a question for Mrs. Eidse?

HON. A. ADAM: That's my question.

MR. CHAIRMAN: Are there any further questions from other members of the Committee? Hearing none, thank you very much Mrs. Eidse.

Any further people wish to make representations, please come forward.

MR. T. CARRUTHERS: Yes, I'm Tom Carruthers from Darlingford. I am a little concerned about . . .

MR. CHAIRMAN: Your name again please, sir? Tom Carruthers. Thank you.

MR. T. CARRUTHERS: I am a little concerned about the talk today about market value. I feel that because of the high inflated land price of the last couple of years, if you use market value for assessing farmland and for assessing residential, I feel that the farm is going to pick up an unfair portion of it. The last assessment in our municipality was in '80 and because of speculation on bushland, wasteland, it increased at a far higher rate than any of the other land. That land for pasturing cattle and so on is way out of proportion now compared to what the other land is. I would like a little clarification, if market value is going to cover residential as well or if there's going to be a split in there. I feel that if it uses what today's market value is, it will be an unfair way of doing it.

MR. CHAIRMAN: Are you finished Mr. Carruthers? Are there any questions for Mr. Carruthers by members of the Committee?

Mr. Scott.

MR. D. SCOTT: Mr. Carruthers, are then you suggesting that rather than a market value, one should be going towards a base on the productivity of the land?

MR. T. CARRUTHERS: I don't know. I'm not sure how you would arrive at those figures.

MR. D. SCOTT: It's a major problem.

MR. T. CARRUTHERS: Market value could be used, but I believe you would have to have a split-off between market value of farm land versus residential and so on. I don't think you could use market value per se for both and come out with a fair system.

MR. CHAIRMAN: Any further questions? Mr. Ashton.

MR. S. ASHTON: I take it your real concern is the differences you would end up with in terms of the market value say between residential and between farmland? I think the intention of the report was to make sure that each class did not pay a higher amount, so the impact of that would be, for example, the overall

percentage of taxes paid by farmers would be the same. Now there's been some question as to whether that is actually the case but assuming that, what would happen then would be, the market value would only be relevant as a percentage of the overall class for farmers, whereas when you are paying on a residence it would be only relevant, there is no real percentage on residences because they would apportion it differently. So, if, as the report suggests, they did keep the amount paid by each classification saying then, you're concern wouldn't come into place.

I guess the real question is, as some people have mentioned earlier in the meeting, whether that would, in fact, be the case, whether that percentage would be the same. So I think that was the major concern and according to the Weir Report it wouldn't be something to worry about.

MR. CHAIRMAN: Any further questions? Do you have a comment, Mr. Carruthers.

MR. T. CARRUTHERS: Yes, going by what is in this green report the percentages they used in there already show, in my opinion, that the farm is picking up a greater percentage. Now, these percentages are going to have to be decided on, in my opinion, with a lot of municipal input in order to get them and they are going to have to be probably changed regularly type of thing or looked at.

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

Someone else in the audience I saw. Madam, did you wish to speak? Please come forward.

MRS. E. ROY: I am Mrs. Ella Roy, and I am one of the victims of your fair deals. I am a person that has had my farm home taxed, and I own 223 acres of land of which there is a little over 200 arable, because it's along the river and it floods and it's wasteland, the remainder also. I don't think the assessor took out anything for the ditches that run through this. So I figure that leaves about 200 acres. Fine, on that 200 acres I pay \$1,120 taxes plus \$325 that the government takes off. Then, I've paid \$498.25 on my home. Now on that 200 acres, I am getting \$8,000 rent, is that a fair deal? Is that what the farmers can expect from the Weir Report? I know that's what I've had, and it's wrong.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, Madam . . .

MRS. E. ROY: You'll have to speak up, I'm hard of hearing.

HON. A. ADAM: Well, so am I.

MRS. E. ROY: So you've got company.

HON. A. ADAM: You're in good company.

MRS. E. ROY: I haven't heard most of what has been said here today.

HON. A. ADAM: We didn't catch your name properly.

MRS. E. ROY: Ella Roy.

HON. A. ADAM: Roy?

MRS. E. ROY: Yes, and I have a little house 28 X 32, a bungalow, 32 years old. It's been flooded twice and I'm sure that it has been overassessed because I can't even sell that home where it's located today. It's right along the Red River in the flood zone.

HON. A. ADAM: The terms of reference as I pointed out . . .

MRS. E. ROY: I understand, but I think I should point out to the farm people here today what is going to happen to them.

MR. CHAIRMAN: Order please. Mrs. Roy, the purpose of the Manitoba Assessment Review Committee was to try to resolve some of the problems that many Manitobans are faced with, and the report makes recommendations trying to resolve the problems. The Weir Report has not created the problems and this Committee has not created the problems you're raising with us. You're raising problems of the existing system, and that's the system we're here to try to change.

MRS. E. ROY: I think it's wrong as it is now because I'm paying almost 25 percent of my income in taxes off that farm, and we've never done anything but farmed all our lives. We only farmed a half-a-section - less than half-a-section in fact. So there is sure no fair deal for all there.

HON. A. ADAM: I wanted to follow up on what the Chairman has said in that the problems that you have do not come from the Weir Committee, they are already in place from the assessment that's been there since it began and these inequities have been built into the system over the years for whatever reason. Now, I understand that your farm building is assessed - your residence.

MRS. E. ROY: I have a garage and a residence, unfortunately a new garage because we also had a tornado.

HON. A. ADAM: I see, and I presume that is because you have nonfarm income that . . .

MRS. E. ROY: Pardon?

HON. A. ADAM: In order for your residence to be assessed for taxation, it has to be because you have off-farm income which is greater than your farm income.

MRS. E. ROY: Yes, I did have investment income, but thanks to the government, this income was invested for 11 years. Of course, with the high rate of interest there was one year when it came through super high. So, of course, I get slapped right away. Now this isn't going to continue. Now what are they going to do about it?

HON. A. ADAM: The recommendations are that all farm residences be assessed for taxation because of

those difficulties that the municipalities have of defining a farmer; one who has more income off the farm, and another that has his income mainly from the farm.

MRS. E. ROY: Yes, but if you have that income in one year and it doesn't materialize, very little of it materializes after, what do they do then? Also they tell me I cash-rent my land. Fine. It's not farm income anymore. Well, it's still farm income. It's off-land. Whoever gains it, it's still farm income. I find that very unexplainable.

MR. CHAIRMAN: Are there are any further questions for Mrs. Roy? Hearing none, thank you very much for bringing your concerns to the attention of the Committee.

Gentlemen at the back, please come forward.

MR. R. McLAREN: Thank you, Mr. Chairman. Roy McLaren, Reeve of the R.M. of Louise.

I just might be out of order in what I'm about to say, but anyway I'm fully in agreement with the reappraisal and the work being done, and a new assessment is something we need very badly. It certainly ties in with our direct tax load on our farms. We're taxed very highly in my mind at the present time, I would say about as much as we can stand at the present situation. But I would just like to wonder if there was any consideration given to the other taxes that we're bearing in regard to operating our farms. I refer specifically to our energy use. We use a lot of energy and I understand that our total energy costs are roughly 50-60 percent of tax. Now may be this is a shared basis between federal and provincial, I don't know the figures there. But when you consider the energy costs per acre, our energy tax is higher than our land tax. I just wonder at this point in time just how much tax the farms are expected to pay in regard to running this society.

We want to be fair with people in the city and in the country. The people in the city don't have this extra tax burden. Thank you very much.

MR. CHAIRMAN: Thank you very much, Mr. McLaren. Members may have some questions for you on the matter of assessment. You commented on that briefly at the beginning of your remarks. Are there any questions for Mr. McLaren?

Mr. Driedger.

MR. A. DRIEDGER: Reeve McLaren, do you agree with the principle of taxing or assessing farm residences?

MR. R. McLAREN: By and large, yes I do in the long term.

MR. CHAIRMAN: Further questions? Hearing none, thank you very much, Mr. McLaren. Is there anyone else who is not on our list who wishes to speak to the Committee? Please come forward, sir?

MR. A. HUNTER: Archie Hunter, Reeve of Franklin Municipality. Mr. Chairman, I'd just like to make a few comments on the Weir Report and what I've heard this morning.

I think that you're going to find inequities in both the old and the new, but I feel that the Walter Weir

Commission is a step in the right direction. We have an awful time in our municipality with who pays taxes on their buildings. It comes up every year and I think if it was put in that every residence had to pay, that would alleviate a lot of problems. As far as the outbuildings, I don't really feel that they should be made taxable. I suppose every municipality is different.

Our friend from Rhineland, Mr. Hildebrand, mentioned that their quarters of land are assessed at approximately \$12,000 and the small hamlets actually are getting a break due to that. In our situation where our average quarter is around \$5,500 to \$6,000 our small hamlets pay a larger tax due to that; it's just the opposite of what you're saying. So there are going to be inequities, I know that. But, really, I feel that the Weir Commission would be a step in the right direction.

MR. CHAIRMAN: Thank you very much, Reeve Hunter. Any questions for Reeve Hunter from members of the Committee?

Mr. Blake.

MR. D. BLAKE: Reeve Hunter, the Weir Report as you are aware was some two years in being compiled with hearings with virtually all the municipal people and the school boards throughout the province. Do you feel it would be helpful to the municipal people if there were some recommendations brought in by the government, say, this is how many of these recommendations in the report - there are 164 of them - this is how many we're going to bring in now and this is how we're going to proceed. Would it be helpful to the municipal people if they knew what direction the government was going to take.

MR. A. HUNTER: Certainly. We've sort of been waiting on that, to be honest with you, and we're looking forward to hearing more information, that's for sure.

MR. CHAIRMAN: Further questions? Hearing none, thank you very much Reeve Hunter. Anyone else? Seeing none, Ladies and Gentlemen, I'd like to thank you for coming here today and appearing before the Committee and listening to the presentation. You've helped make our job a little easier in terms of giving some input from the public to the Committee so that we can make our report to the Legislature. If anyone wishes copies of the green book or the Weir Report or the summary of the recommendations, these are available from staff. If we don't have sufficient copies, you can give your names to staff and they'll see that you receive them.

Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, we have received

MR. CHAIRMAN: Order please. There is some business before the Committee yet.

MR. A. DRIEDGER: Mr. Chairman, we have received various written reports and when we've had our hearings it has always been indicated that anybody that has made representation is going to be getting the full documentation of the briefs that have been presented.

Are the written reports going to be part of that presentation that is going to be sent out so that everybody that has been attending these hearings can at least get the full impact, including the written ones?

MR. CHAIRMAN: Mr. Driedger makes a valid point. Anyone who has made presentations to the Committee in addition to all municipal councils, Reeves and councillors will be receiving full copies of the transcripts of all the meetings, so that you can read what was said at all the meetings. These will be mailed out. Anyone who made a presentation today who is not a Councillor or a Reeve, would you please see the Clerk at the end of the meeting to give the Clerk your mailing address so we can mail you copies of the transcript.

Anyone else in the audience who would like copies of the transcript of all six meetings of the Committee please give your name to the Clerk. In addition, Mr. Driedger has asked about written briefs. It has been our practice to date to place, as an Appendix in the transcript of the Committee, any written briefs that have been received at that hearing.

Today we have a brief which was not presented from the Urban Development Institute; and another brief from the Town of Dauphin; and another brief from Mr. David Roberts. I would be willing to entertain a motion to have these three briefs included in the transcript.

MR. A. DRIEDGER: So moved.

MR. CHAIRMAN: It is moved by Mr. Driedger that the briefs be included in the transcript. Is it agreed? (Agreed)

Is there any further business before the Committee?
Mr. Driedger.

MR. A. DRIEDGER: Mr. Chairman, I just want to direct a question to the Minister of Municipal Affairs and ask when he intends to call the meeting of the Municipal Affairs Committee again to further discuss the briefs and presentations that have taken place in the last couple of weeks?

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Well, Mr. Chairman, that will be done in due course, perhaps before the end of the month.

MR. A. DRIEDGER: Mr. Chairman, the reason I raise that question is because, by having had these hearings throughout the province, a lot of concern has been created in the minds of municipal people and all people and I think it would only be fair to indicate to the Committee itself within what time frame - realizing of course that we are going back into Session in a few weeks time - that somewhere along the line the Committee could possibly meet. The purpose of these hearings was for the Committee to come up with suggestions or proposals to the Legislature and this is why I raise the question. When can we possibly look at meeting again? The call of the meetings, I believe, is at the discretion of the Minister.

HON. A. ADAM: At the request of the Chair we will notify members when the next meeting will be called. In due course, perhaps before the end of the month.

MR. CHAIRMAN: Any further discussion?
Mr. Driedger.

MR. A. DRIEDGER: You know that leaves us sort of wide open. In due course bothers me a little bit. Perhaps before the end of the month. Could we set a time before when we are going to meet because I don't like this openended business where possibly in due time or due course we could be looking at three or four months from here and I would like to have it pinned down a little more definite than that.

HON. A. ADAM: No, Mr. Chairman, I can't give any more information today.

MR. CHAIRMAN: Mr. Driedger, I should point out that the Committee's mandate requires the Committee to report at the next Session, which is the current Session, so we have an obligation to report to the current Session in accordance with our resolution.
Mr. Driedger.

MR. A. DRIEDGER: Well, the question I have then, if this Committee is supposed to report to the next sitting of the Session, I assume that we, as a Committee, would have to meet to come up with some kind of proposal or suggestion for the Legislature, or is that just going to be compiled between the Chairman and the Minister?

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: No, Mr. Chairman. That will be done by the Committee.

MR. CHAIRMAN: Mr. Driedger I would like to assure you that the Chairman would not participate in writing a report solely with the Minister. That's the Committee's responsibility. Thank you.

Any further business before the Committee? Hearing none, Committee is adjourned and stands adjourned at the call of the Chair.

BRIEFS PRESENTED BUT NOT READ

Brief Prepared for Municipal Assessment Review Board by David G. Roberts.

Enclosed is a copy of a letter which I have drafted for the Premier after having failed all previous attempts to solve my problem with the Municipal Assessment Department.

My experience on this matter to date plus my readings of the "Statistical Analysis of the Impact of Selected M.A.R.C. Recommendations" clearly indicate to me that the major obstacle involved in the implementation of any revisions to The Municipal Assessment Act lie within the Municipal Affairs and/or Municipal Assessment Departments.

My understanding is that assessments should be updated at least every five years. This is not done. Why look at a change in the entire system until such time as the current system is working as it is designed to work.

The discussion on the exemption clause is only necessary and controversial because the leadership of

the department appear to take no decisive measures to implement their Acts uniformity?.

Would we send out referees for hockey games before first instructing them as to the rules? Of course not. To calmly sit back and wait for some Judge to determine the meaning of the Act is absurd. If competent leadership is not an integral part of any system, it shall fail.

If this committee is really interested in providing justice, please answer my letter.

Letter from David Roberts to Howard Pawley.
Mr. Howard Pawley,
Premier,
Province of Manitoba,
Legislative Bldgs.,
Winnipeg, Manitoba.

I was informed yesterday of your decision not to meet with me to discuss my problem with the Municipal Assessment Department of the Province of Manitoba and the Rural Municipality of Macdonald. Your secretary suggested I write a letter outlining my position if I wished any further consideration on the matter. I am listing in chronological order the events involved in the problem.

1977 - Began farming operation near La Broquerie.

1978 - Farming full time. Attended Court of Revision requesting exemption for dwellings as required by Municipal Assessment Act. Application denied as Municipal Assessor advised Council that records for 1977 were used to determine exemption for 1978 and 1978 records were not complete as it was only October, therefore 1979 exemption could not be granted. Council was aware that my only business in 1978 was farming. 1979 - I did not appear in person at Court of Revision as I was under the impression that my appearance in 1978 with the figures and explanations presented would automatically be passed at this time. Councillor Laverne Manness had indicated to me that this would be the case.

1980 - I appeared at the Court of Revision with information pertinent to all tests required under the Municipal Assessment Act for qualification for exemption.

***NOTE:** Not one councillor nor the Reeve had in front of him a copy of the relevant sections of The Municipal Assessment Act during my appearance. All questions directed to me at the Court of Revision were not relevant to the necessary tests under The Municipal Assessment Act.

An example of the questions asked is, "Why should I expect to live in this municipality, send my children to school here, and not pay my share of taxes here?" Although the councillor may have a valid question, The Municipal Assessment Act makes no reference to this point. I also explained to council that the second dwelling on the property occupied by my parents rent free was a staff dwelling and that my parents worked for me in the farm operation.

The parting comment by the Reeve, who lives in the same small neighbourhood and has personal knowledge of my father's limited resources, was "How do we know that your father doesn't make more from his investments than he does from the farm?"

As well as being absurd, this comment is also irrelevant as The Municipal Assessment Act does not

include this as one of the "tests" for exemption qualification.

The Court of Revision's decision was to exempt one of the dwellings and to disallow the exemption on the other. Their reasons are summed up in a letter from council to myself dated March 31/81. The letter reads in part "Council at this time, is still of the opinion that it acted fairly with respect to the assessment of the two homes in question. You can appeal the assessment on the second dwelling for the 1982 assessment year at the fall Court of Revision. To support such an appeal, you should be prepared to give information with respect to source of income of the occupant."

1980 - December - I appealed the portion of the decision of the Court of Revision dealing with the second dwelling to the Court of Queen's Bench. Justice Solomon rejected my appeal, stating two reasons for his decision.

- (1) "You did not derive income from the sale of produce grown on the parcel of land upon which the dwellings were located."

In my Examination for Discovery Hearing, I entered an Affidavit which states on Page 2, Paragraph 8 - "That in addition I cultivate the land described in Paragraph 2 herein and raise some market produce which in 1980 has produced some income to me."

In Justice Solomon's questions to my solicitor, he asked how much income was derived from the sale of produce (grown on the subject land) in 1979. My solicitor indicated the \$10.00 suggested in Justice Solomon's reasons for judgment. No questions were asked by Justice Solomon as to this income for 1980.

- (2) "Your income from grain growing, etc. under Subsection 30(3) was less than your income from other sources."

His Lordship comes to this conclusion as a consequence of his finding that my income derived from wages paid to me by my corporation, Frontier Farms Inc., is not income from the sale of grain growing, etc.

This interpretation is not consistent with the spirit of the Act as a whole as it completely negates 30(7). Comparing 30(3) to 30(7), the tests for determining source of income are identical for each, WORD FOR WORD. The difference is that those falling under 30(7) must satisfy an additional test, that being the principle occupation must meet the same criteria as the net income.

If Justice Solomon's interpretation of income derived from wages paid to one from his corporation (even though all the funds were generated from grain growing, etc.) are not income from the sale of grain growing, etc., then one could never pass this identical test under 30(3) and no corporation could qualify to have its buildings exempt. If this was the intent of the Act, 30(7) would not be included in the Act.

At this point, I have had two courts disallow my exemption for different reasons none of which are consistent with the "tests" described in The Municipal Assessment Act.

1981 - I attempted to explain the above problems to the Rural Municipality of Macdonald, to Justice Solomon, to the Director of Municipal Assessment, and to the Minister of Municipal Affairs. After several meetings with the above, both individually and collectively, the Council of the Rural Municipality of

Macdonald on September 8, 1981 passed a by-law 353-81 to cancel taxes for 1979 and 1980 on the dwelling not previously cancelled. The Reeve subsequently vetoed this by-law with advice from counsel Charles Chappell. In a letter to council dated September 10, 1981, Mr. Chappell said in part, "As a result of the decision of Mr. Justice Solomon on the interpretation of The Municipal Assessment Act, I suggest that it is the duty and responsibility of Mr. Roberts to fall within the exemption provisions of the Act if he wishes the relief being claimed. This in fact is the law in Manitoba, as a result of the court decision. It is not the duty of the municipality to grant relief in these circumstances through a tax cancellation by-law."

By this time, I am having severe problems accepting the fact that for David Roberts "income derived from wages paid to me from my farm corporation is not income from the sale of grain growing, etc. within the meaning of The Municipal Assessment Act 30(3)" when for Reeve Carl Pitura - income derived from wages paid to himself from his farm corporation (and seed business) is income from the sale of grain growing etc. within the meaning of The Municipal Assessment Act 30(7) when the wording of the two tests is IDENTICAL.

Oct. 27 - 1981 - I attended Court of Revision requesting exemption for both dwellings for 1982 tax roll. I distributed copies of The Municipal Assessment Act 30(2) through 30(7) for the councillors to be able to knowledgeably assess my conformation to the tests for exemption as prescribed by the Act.

No decision was reached at this meeting but a comment on the minutes of the meeting read "The Act does not make provision for exemption of farm buildings where the ownership is private but the income of the occupant is derived from a farm corporation."

Dec. 15 - 1981 - Court of Revision removed taxable assessment on both dwellings as per my request.

Jan. 5 - 1982 - Municipal Assessor appeals decision of Court of Revision to Court of Queen's Bench.

This discriminatory action has caused more expense in legal fees. If the department felt bound by Justice Solomon's ruling, why were all corporate farms not placed on the tax roll for the same year?

Feb. 1982 - Justice Hunt of Court of Queen's Bench rejects the arguments of the Municipal Assessment Department and upholds the decision of the Court of Revision.

July, 1982 - R.M. of Macdonald applies for title to property for nonpayment of taxes.

August, 1982 - Royal Bank of Canada (as mortgage holder) pay out all taxes together with all penalties, interest and legal fees to the Municipality of Macdonald without my knowledge or permission.

September 21, 1982 - Met with Pete Adam and convey the above message to him. I requested repayment of above plus my court costs totalling \$15,000.00. He promises to reply in 2-3 weeks.

November, 1982 - Rural Municipality of Macdonald Court of Revision exempt several appellants for farm dwelling claims for the 1983 tax roll. Subsequently some of these appellants receive cancellation of their 1982 taxes; being the year in which they brought themselves within the exemption tests. Although I agree with this decision I cannot understand the different rules for different people. Are we not all under the same laws?

Jan. 3, 1983 - Reply from Pete Adam in which he appears to have little if any understanding of my grievances.

Although this is only a brief outline of this maze which began in 1977, it provides the reader with a picture of my position on the problem.

What options are available to me to receive equitable treatment on this matter?

Your consideration of this matter is appreciated.

Brief presented by Urban Development Institutes on MARC recommendations.

D. N. Sharpe, P. Eng.

January 31st, 1983

The Standing Committee on Municipal Affairs
c/o Legislative Bldg.
Winnipeg, Manitoba

Gentlemen:

Re: Report of the Manitoba Assessment Review Committee.

The Urban Development Institute is a national organization whose members are engaged in all facets of the development industry. The purpose of the Institute is to provide a co-ordinated input of information to government bodies and others on matters that affect the industry as a whole and by so doing to create a better understanding of our industry by those whose decisions will have an effect on it.

The members of UDI - Manitoba have substantial land holdings within the boundaries of the City of Winnipeg and the recommendations of the M.A.R.C., particularly with respect to agricultural lands, will have a significant effect on our members if and when they are implemented.

The current policy of the City is to assess these properties at perceived market value on the basis of transactions that have taken place. In a normal market there is usually a premium attached to vacant lands contiguous to developed areas of any large city because of its potential for higher use. That premium will be controlled to an extent by the expected time frame for future development. Even in this type of market condition, assessments based on sales data have the effect of creating a "futures tax." That is to say a tax based on what the future value of the property might be rather than on its value based on current use. During the 1970's speculative investment increased and distorted the perceived market value of this type of land with the result that the City's assessments increased dramatically to the point where the "futures tax" has made it impossible for any but the wealthiest of companies to hold agricultural land within the city's jurisdiction. The current net taxes on these lands now exceed by a wide margin the revenue which might be produced by farming it. As if this was not enough, certain of these lands are specifically excluded from development by City policies, yet they insist on collecting taxes calculated on the premise that they have an enhanced value by reason of their potential development.

The Manitoba Assessment Review Committee has recognized this problem and in section VII-C of their report have made recommendations designed to correct the present inequities. We agree with their recommendations in part and urge your committee to proceed diligently to implement them. The only disagreement which UDI has with the M.A.R.C.

recommendations is related to the concept of a retroactive tax embodied in recommendations VII-C-3 and VII-C-4. We believe that this type of land does not gain added real value until such time as it is converted to another higher use and that until such time it should continue to be taxed at a rate consistent with the use to which it is put.

By way of general comment the recommendations of the M.A.R.C. that a single assessment authority be established and that this authority should be staffed and equipped to enable it to properly carry out valuations on a continuing and up-to-date basis is one which we strongly endorse. It is only by so doing that a meaningful and fair property taxation policy can be achieved.

We also endorse the recommended appeal procedures and mechanisms contained in the report which we believe and hope will create a situation in this province where individuals will receive a fair and knowledgeable hearing on assessment appeals.

We realize that it will take considerable time and effort to implement the type of valuation and assessment system that is envisaged by the M.A.R.C. report and we urge you to proceed as quickly as possible in establishing the required legislation.

In the meantime we would also urge you to recommend lifting the current freeze on assessments so that the more obvious existing inequities can be dealt with.

Yours very truly,

URBAN DEVELOPMENT INSTITUTE

Per:

D.N. Sharpe, P. Eng.

President

Manitoba Division

**PRESENTED BY THE COUNCIL OF THE
TOWN OF DAUPHIN**

January 21st, 1983

Hon. A. R. (Pete) Adam,
Minister of Municipal Affairs,
Legislative Building,
450 Broadway,
Winnipeg, Manitoba.

Dear Sir:

RE: Assessment Review
Report (Weir Report).

Council of The Town of Dauphin wishes to acknowledge receipt of your letter December 30th, 1982, together with copy of Statistical Analysis of the Impact of Selected M.A.R.C. (Weir) Recommendations.

I have been instructed to advise you, Council of The Town of Dauphin has not changed its views as contained in brief prepared and presented by The Town of Dauphin to the Manitoba Assessment Review Committee dated March 5th, 1980, a copy of which is enclosed for your perusal.

Yours truly,

A. G. Dmitruk,
Secretary-Treasurer,
AGD/sln
Encl.

**THE TOWN OF DAUPHIN
"REAL PROPERTY ASSESSMENT" BRIEF**

PRESENTED TO

**THE MANITOBA ASSESSMENT REVIEW
COMMITTEE**

AT DAUPHIN, MANITOBA

MARCH 5, 1980

The Manitoba Assessment Review Committee,
1209-405 Broadway Avenue,
Winnipeg, Manitoba. R3C 3L6

Dear Sirs:

The Council of The Town of Dauphin appreciates the opportunity to submit to the Manitoba Assessment Review Committee its ideas and opinions respecting real property assessments in Manitoba.

The Town of Dauphin, in Manitoba, was incorporated as a village on the 11th day of July, A.D. 1898 and as a town on the 21st day of November, A.D. 1901.

Dauphin has grown from a population of some 500 persons in 1898 to 9,255 persons according to the last federal census adjusted on boundary annexation.

The area of the village in 1898 was one full section or 640 acres. Today the area of the town comprises some 2,945 acres.

The real property assessment in 1898 was \$126,361.00. Today, 1980, the real property taxable assessment is \$26,639,700.00. The following indicates the assessments of the town according to the 1980 assessment roll:-

Taxable Assessment

CLASSIFICATION	LAND	BUILDINGS	TOTAL
Farm &			
Residential ...	\$5,126,030	\$14,272,210	\$19,398,240
Other	2,161,120	5,080,340	7,241,460
TOTAL	\$7,287,150	\$19,352,550	\$26,639,700
Personal			
Property	279,530		279,530
TOTAL TAXABLE			
(Municipal) ...	\$7,566,680	\$19,352,550	\$26,919,230

Exempt Assessment

CLASSIFICATION	LAND	BUILDINGS	TOTAL
Farm - exempt		33,170	33,170
Not subject			
to Grant	520,080	3,698,840	4,218,920
Farm & Residential			
- Grant	93,810	865,660	959,470
Other - Grant ..	73,210	207,960	281,170
Federal - No			
School Grant	27,930	391,870	419,800
Federal - Farm &			
Residential			
- Grant	6,090	23,020	29,110
Federal - Other			
- Grant	62,330	214,590	276,920
Provincial			
- Other			
- Grant	55,100	836,620	891,720
Provincial			
- No Grant ...	22,420		22,420
	860,970	\$ 6,271,730	\$ 7,132,700

TOTAL			
ALL ASSES-			
MENTS	\$8,427,650	\$25,624,280	\$34,051,930

TOTAL			
BUSINESS			
ASSESSMENT			909,220

ASSESSMENT IS NOTHING MORE THAN A MEASURING STICK TO ENSURE THAT TAXPAYERS CONTRIBUTE EQUITABLY TO THE PUBLIC PURSE. IT IS NOT VALUATION FOR SALE, LOANING, INVESTMENT OR APPRAISAL PURPOSES, SO FAR AS TAXATION IS CONCERNED, IT IS IMMATERIAL WHETHER ASSESSMENT VALUES ARE ABOVE OR BELOW MARKET VALUE SO LONG AS THEY ARE EQUITABLE BETWEEN TAXPAYERS.

This Council favors assessment based on a realistic rate manual, not necessarily based on current value. We feel that a good rate manual used for the whole province will provide a fair and equitable assessment.

This Council is of the opinion there be only one assessment authority for the Province of Manitoba and that being the Provincial Assessment Branch. One assessment authority would more effectively provide a uniform assessment of all communities in Manitoba including the City of Winnipeg with one set of rules and guide lines.

This Council acknowledges the Federal and Provincial Governments' policy on paying grants-in-lieu of taxes in the full amount of the mill rates levied on taxable assessments. We request assurance that this policy continues.

As far back as 1920 legislation was enacted setting forth what was expected to result in a common concept of assessment value for both Rural and Urban properties. The legislation provided that agricultural lands as well as lands in cities, town and villages be assessed at full value. Buildings in cities, towns and villages were granted one-third exemption and were assessed at two-thirds full value. Farm buildings on the other hand were granted a full exemption.

This legislation we contend is seriously outdated as the type and size of farm operations has changed from the small one-half section mixed farmer to large corporation operations.

Mr. Roland Mitchener, Chairman of The Manitoba Royal Commission on Local Government Organization and Finance in his report in April, 1964, under recommendation 41, states and we quote: -

Recommendation 41

"Removal of Exemptions, for purposes of taxation, real property should be treated as a whole and no exemption should be allowed for any part of the value of land or buildings, specifically the exemption of one-third of the value of non farm buildings and the exemption

of the full value of farm buildings should be eliminated."

This Council concurs with this recommendation and we make the following comments respecting other exempt properties.

This Council is concerned over the high percentage of exempt properties in our town for which no taxes are levied with the exception of the Local Improvement District Levy. The total exempt assessment other than Provincial and Federal properties in The Town of Dauphin are listed as follows:-

CLASSIFICATION	EXEMPT ASSESSMENT
Municipal owned including D.M.C.C.	640,670.00
Farm Buildings	33,170.00
Churches	493,190.00
Schools	2,377,620.00
Hospital.....	665,250.00
Dauphin Veteran's Association	42,190.00
	\$4,252,090.00

This Council recommends that all such exempt properties be made taxable for Municipal purposes and pay the full Municipal mill rate. It is our opinion that the same and possibly more Municipal services are provided to these properties than residential, for instance, the policing, fire protection, street maintenance, snow clearing, garbage collection, to name a few.

This Council is concerned over the lag in re-assessments and feels there should be a more realistic

approach made to keeping assessments current, we propose the following:-

1. Revise the assessment rate manual every 10 years.
2. Conduct a complete re-assessment of a Municipality every 10 years.
3. Conduct a complete re-inspection of all properties every fifth intervening year to pick up additions, renovations and improvements which may not otherwise come to the attention of the assessor.

COURT OF REVISION

This Council favors the retention of the system whereby Council sits as a Court of Revision with appeal to The Municipal Board of Manitoba or the Court of Queen's Bench as the case may be. We do, however, feel there should be an information manual prepared for Council members in order that they may become more familiar with assessment methods and procedures to better deal with complaints which come before them.

The Council of The Town of Dauphin appreciates the fact that a review of real property assessments in Manitoba is being conducted by the Government of Manitoba through The Assessment Review Committee.

We sincerely hope that with our presentation we have contributed in some small part to improvements in this very important aspect of Municipal Government.

Respectfully submitted,

THE COUNCIL OF THE TOWN OF
DAUPHIN

Per

A. C. Newton, Mayor.