

THE LEGISLATIVE ASSEMBLY OF MANITOBA
9:30 o'clock, Friday, May 10, 1968

Opening Prayer by Mr. Speaker.

MR. SPEAKER: Presenting Petitions
Reading and Receiving Petitions
Presenting Reports by Standing and Special Committees
Notices of Motion
Introduction of Bills

Before the Orders of the Day, I would like to direct the attention of the honourable members to the gallery where we have some young visitors from the United States. We have 21 students of Grade 12 standing, from the Starkweather School in North Dakota, the United States of America. These students are under the direction of Mr. Bergeny.

We also have with us from the United States, 26 Grade 12 students from the Neche School in North Dakota. These students are under the direction of Mr. Volden. On behalf of all the honourable members, I welcome you to the Legislative Assembly today.

Orders of the Day. The Honourable the Provincial Secretary.

HON. STEWART E. McLEAN, Q.C. (Provincial Secretary) (Dauphin): . . . on the matter of South Indian Lake, I was asked the question about whether or not the area to be flooded would be cleared prior to the flooding. I said that I assumed that it would be. I wanted to report, Mr. Speaker, that I have informed myself on the matter and I thought it only fair to report that, subject only to some minor clearing, it is not proposed to clear the area prior to flooding.

MR. SPEAKER: The Honourable Leader of the Opposition.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): I'd like to address a question to the Minister of Education. Is the Minister in a position to announce the location of the technical schools that are to be built in the province, and the numbers that are to be built, and the proposed timings?

HON. GEORGE JOHNSON (Minister of Education) (Gimli): Mr. Speaker, I expect to make a very full statement on the introduction of my estimates, hopefully today.

MR. SAUL M. CHERNIACK, Q.C. (St. John's): Mr. Speaker, may I address a question to the Honourable Minister of Public Utilities. Dealing with the granting of an instruction permit for a driver's or chauffeur's licence, is it the practice in his department that a person who is obviously over 16 years of age must still produce evidence of date of birth before an instruction permit will be issued?

MR. McLEAN: Mr. Speaker, I can't really answer that question. When the honourable member speaks of obviously over 16, I suppose, I would hope that I wouldn't have to produce evidence of my being over 16 - but I'll check the matter and advise the member.

MR. CHERNIACK: . . . inform the honourable member that the wife of an MLA - other than my own wife - has been denied an instruction permit because of that. -- (Interjection) -- I said not my wife, that of another.

MR. JACOB M. FROESE (Rhineland): Mr. Speaker, some time ago I asked the Honourable Provincial Treasurer the question, whether a person could buy and sell a car without licensing it, and he told me that it could be done. Now, other people have run into trouble and apparently I understand it's not because of the Treasury, it's because of the Highways Traffic Act. Could the Honourable the Minister the Provincial Secretary tell me why it is that people who buy a unit and want to sell it, have to license it before they can do so?

MR. McLEAN: Mr. Speaker, I'm unable to answer the question at this moment. We'll be glad to do so at the earliest opportunity.

MR. PETER FOX (Kildonan): Mr. Speaker, I wonder if the Minister of Health could supply me with the information he promised to give before Orders of the Day when he was under his estimates, in regards to Concordia Hospital.

HON. CHARLES H. WITNEY (Minister of Health) (Flin Flon): The Concordia Hospital have hired an architect; they're into their first set of drawings; but the Hospital Commission have not received any plans of development from the Concordia Hospital people themselves, so the planning and the date of completion, or the date of construction as I understand from the Commission, is really within the hands of the Concordia Hospital people.

MR. ALBERT VIELFAURE (La Verendrye): Mr. Speaker, I'd like to direct a question to the Honourable the Minister of Agriculture. Now that he has received the judgment of Mr. Justice

(MR. VIELFAURE cont'd.) Hunt regarding the vote on the Manitoba Vegetable Marketing Commission, I wonder if the Minister could inform the House as to his intentions in regard to the Manitoba Vegetable Marketing Commission, and whether it will still be compulsory for the producers to market their potatoes through the Commission.

HON. HARRY J. ENNS (Minister of Agriculture and Conservation) (Rockwood-Iberville): Mr. Speaker, I believe I've indicated to the House yesterday, or the day before, that I have referred the matter, the entire matter of vegetable marketing to the Manitoba Marketing Board for a final review of the situation, and I'm awaiting their recommendations. I'm not now in a position to indicate just what the particular action of the government will be in this regard. I expect these recommendations or the review of the situation to come to me very shortly and it then will be a matter for further discussion with the government.

MR. FROESE: . . . on the same question. What is the purpose in referring it to the Commission? Is it not a fact that the vote has been taken and it should now be declared null and void and that's the end of it? What is the purpose in referring it to the Commission?

ORDERS OF THE DAY

MR. SPEAKER: Orders of the Day.

MR. MOLGAT: Mr. Speaker, I beg to move, seconded by the Honourable the Member for Lakeside, that an Order of the House do issue for a Return showing:

1. The number of civil servants retired from the government service receiving pensions
 - a) under \$50 per month
 - b) between \$50 and \$75 per month
 - c) between \$75 and \$100 per month
2. The same information as in 1. a), b) and c) above for employees retired from the Manitoba Telephone System.
3. The same information as in 1. a), b) and c) above for employees retired from the Manitoba Hydro and its predecessor agencies.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

HON. GURNEY EVANS (Provincial Treasurer) (Fort Rouge): Mr. Speaker, I move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried, and the House resolved itself into a Committee of Supply with the Honourable Member for Arthur in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: The Department of Urban Development and Municipal Affairs. Resolution 108.

MR. SAUL MILLER (Seven Oaks): Mr. Chairman, -- (Interjection) -- Sorry I can't oblige. After I'm through.

Mr. Chairman, before entering into the few remarks I have to make on Municipal Affairs, I want to join with others in congratulating the Minister for the excellent staff she has. They're well-known to me, and there's no doubt in my mind that without the calibre of the people who head up the department, the Department of Municipal Affairs couldn't function nearly as effectively as it does.

Yesterday I listened with great interest to the Minister introduce her estimates and I have to congratulate her for the very clear-cut manner in which she tried to defend the indefensible, which is the situation in Manitoba today; and if things are not good it's not due to her inability to talk about it but rather because of the situation as it exists. And I can't entirely blame the Minister. She's just one of the Cabinet and one of the government and she's affected by their decisions - very often, I'm sure, decisions which she's not perhaps quite happy with but has to go along.

Yesterday we covered a number of things. The Minister herself talked about assessments and the problems of assessment, and gave a very good summation of the problem. She did talk about the fact that she and her department are in close contact with municipal people at all times, and I know for a fact if one has a problem one can go to the office of Mr. Chappell or Mr. Reimer or anyone of the department, and the door is always open. She says that, being in

(MR. MILLER cont'd.) close contact, they're always listening to the problems of the municipal people.

Well, Mr. Chairman, they may be listening, and perhaps within the limits of their authority and within the regulations and the policies established by this government they're doing the best they can, but they are limited, as I say, because they really haven't got the flexibility because of the short-sightedness of the policies of this government. And I've said it before, and I'll repeat, that the municipalities in Manitoba have their backs to the wall; they're in trouble. And they're not in trouble because of anything this government has suddenly done; they're in trouble because what we've allowed to happen in Manitoba or to continue to develop in Manitoba, is something that I think has been pinpointed or has been warned against for any number of years by various study groups, by various municipal people, both through their organizations and through their committees of studies and the report they've come up with. Because in Manitoba, when you look at the situation, you have -- this situation exists, and other members touched on it yesterday.

At one time the municipalities could look to their property tax as a base which could cover their needs. If they wanted a new road, if they wanted to build a little school house, if they wanted to do something, they could, by agreement with their citizens within their community, by levying a tax, they could provide these facilities. Now this goes back quite a number of years, but it was as simple as that. The municipalities looked traditionally upon the property tax as being their sole area of jurisdiction and the area which they could use in order to raise revenues as required. It's traditional, and it has been accepted, that the province shall assume the other areas of taxation. So far as income tax is concerned, the province collects that and uses it. So far as user taxes are concerned, whether it be the motor fuel tax - the diesel fuel tax, that is - the province levies and collects that. Licensing of cars, the province levies and collects that. All user tax, all taxes other than property tax were within the jurisdiction of the province and that was their part of the pie; the municipalities were left with their very little pie but at least it was something.

But what's happened over the last few years? The municipalities, now they have partners in this little pie. The School Board, which because of the fact that education has become as necessary and essential and a great part of our life in a smaller society, have of course shared in this small pie, and they're sharing more and more as time goes on. And now the Provincial Government has stepped in and they are sharing in that pie too. The only pie, the only part of the pie or the only source left to the municipalities, we now find we have a partner, and we have a partner with a great deal of authority because he doesn't sit in on council meetings and say shall it be this or shall we not spend it on that, he simply sends letters, and the letters are: "You shall levy X mills and you shall remit to us by such and such a date." So that whereas traditionally taxation or property taxes were a priority which was given to the municipalities, the municipalities now find themselves in a position of having to share with their parent body - and it's their parents, the Provincial Government - part of this property tax. And so it's no wonder that the municipalities suddenly find themselves strapped. They find themselves squeezed and they have nowhere to turn.

Now this is a serious matter, Mr. Chairman, and commission after commission have said to this province, "You must define the areas of responsibility between the municipalities and the province. If you don't, you're going to kill the viability of the municipalities; you're going to make it impossible for them to function, and you're going to end up having to take them over." And, Mr. Chairman, I have to admire the school trustees and municipal people of this province because frankly I think they should have given up the ghost long ago. I think they should have stood up and said, "Now look. If things are going to continue as they are, you run the municipality, you run the school divisions, you run the school districts, because they cannot continue on this basis. If property tax is the area of wealth or resources for wealth of the municipalities and the school boards, then the province shouldn't also be putting its finger into this pot. If they're going to, then I suggest to you, Mr. Chairman, that perhaps the municipalities should be permitted to share in some of the user taxes. Why shouldn't the municipalities receive an abatement on the licensing taxes that the province collects, or the fuel taxes that the province carries, or the sales taxes that the province has imposed on municipal and school board purchases? Everything is going in one way.

This province talks about getting abatements from Ontario and feels that it has a right to demand it, that being a province in Canada that they should share in the wealth of Canada. Mr.

(MR. MILLER cont'd.) Chairman, then the municipalities are entitled to the same thing. I think it's a very awkward way of doing it. I think that the municipalities should be given the full resources of the property tax and that the province should not now gradually encroach and gradually cut in to the only, the only source, the traditional and only source of these municipalities. So, in trying to evaluate what is wrong, is there a way out of this dilemma, I think we have to recognize this: that the problems today insofar as taxation and so on is concerned, it's not due to some original error or something that's just recently cropped up. It's a result of an obsolescence; an obsolescence that has been allowed to develop over the years, as education and as health and as welfare became services which today in our society is recognized as not being of a local nature, because the fruits of education do not accrue to the local community.

At one time, when this was an agricultural province it was accepted that by and large the majority of students educated in a certain area would probably remain in that area, having received their education they would remain on in that area, whether farming or whether even in the city they would remain on and so therefore the fruits of their education would result to the betterment of that community. They would contribute to that particular community. But that's all gone. Today you are educated in any part of Manitoba and you end up in Toronto, you end up in Winnipeg, you end up in Vancouver; and so without a doubt I am one of those who believe that the reversal of the trend towards federal aid to education, which we were heading toward a few years ago, and the reversal by the present government in Ottawa of that policy I feel personally was a severe blow, not just to us in Winnipeg but I think to all of Canada, and although it's perhaps done because it was necessary to do because of one province feeling the way it does, nonetheless I think it was a regressive step and we're going to live to rue that day.

But right now we have to live with that, and not being in the government I cannot make representations to Ottawa, although I would urge them to do everything possible to try to reverse this trend and insist that certainly education has to be recognized as a service which accrues to the benefit of all of Canada and must be shared by the wealthier provinces of Canada with their less wealthy and less fortunate across the country, because if any service has to be maintained and if any service is going to mean something to Canada in the long run in its economic and its social growth, then it is education. We are only as strong as our weakest link, Mr. Chairman, and if in Manitoba or in the Atlantic provinces or other provinces our educational system falters, then Canada falters.

But I don't want to get into a debate dealing with the federal arena and I suppose I'm perhaps out of order dealing with that aspect of it, but I do want to stress that municipal taxation is an area of taxation which must be left to the municipalities, that if this government keeps encroaching on this one little area of taxation - the only source of taxation that the municipalities have - they're going to make it impossible for the municipalities to maintain any liability whatsoever, and as I remarked earlier, there have been studies made, there have been commissions making recommendations, and all of them have this one underlying principle which they try to enunciate: that if we are sincere in the concept that there shall be autonomy and liability of the municipalities and the school divisions, then we must give them the sources with which they can operate. If you don't, if they haven't got that, then they must end up constantly running to this government asking for a little bit more for this, a little bit more for that, a little more sharing of something else. It's the type of approach which really isn't good because, for one thing, I feel that it does, as I say, kill the viability of the municipalities; it puts them in a position where all their programs are geared to some sharing arrangement and it limits their field of endeavour very, very drastically, and in the long run I think it will hurt the municipalities, something which I don't think this government wants unless it is prepared to take over the municipalities and the school boards and run it themselves, but I think that would be the last thing that this government would want to do.

So I think the province has to recognize that it should not and must not encroach upon the only source of municipal revenue, and that is property tax; that it should lay down areas of responsibility, and these areas of responsibility have been clearly defined; and I don't think we need another commission, because going back to 1953, there was a commission that defined them; in 1957 there was a commission that defined them. The Municipal Commission, the commission which the municipal men themselves had, because I remember a Minister of the Crown coming to the Urban Association and the Union of Manitoba Municipalities and saying,

(MR. MILLER cont'd.) "Now don't come badgering to us. If you all get together and if you know what you want, and if you're of one mind, then we will listen to you." Now how they expect them to be of one mind when 57 members of this House aren't of one mind I'm not sure, but they put this stipulation on, which is quite a difficult one I can assure you.

But lo and behold, things were so rough in Manitoba that the municipalities, urban and rural as well, did get together and were of one mind. Oh, there were dissenters, the odd one, but by and large they got together well enough so that they were of one mind to the extent that the people who were actually doing the study could sit down and write reports, and that's an amazing thing, because frankly I predicted it would get nowhere. So you can imagine how rough it was when the municipal people in Manitoba could get together sufficiently to come up with recommendations; and again the recommendations said very distinctly, "Lay down the areas of responsibility. Define these areas of responsibility between municipal and between the province."

Well, we're still talking about it and we're not doing anything. Sure, the government says we're working towards it. What I'm talking about is a cliché - it's become a cliché, but it's the proposition that the province is responsible for services to people and the municipalities be responsible for services for property. A property tax should pay for the cost of services to property. Education isn't property. Health isn't property. Welfare isn't property. Roads are property. Fire protection is property. Police protection. These are property, the areas which should be charged to property, but not health, education and welfare, and so this is what they said.

Now the province accepted these, and of course there were other commissions subsequently. The province looked at it and said yes, it's very interesting and we agree with you. Well they agreed, and the former First Minister and others in 1966 made a big issue in the election of shifting the burden of taxes from the property owners' shoulders to that of the much broader shoulders of the province because of their greater taxing ability and their broader tax base. And we came in here and we had a Foundation program for education costs and this is going to be the first step towards it. Well 12 months later - it didn't even last; I predicted it would last 24 months. I was a poor guesser; it didn't even last 12 months - 12 months later, lo and behold the levy on the municipalities increased by 4.1 mills, and this is interesting, Mr. Speaker, because it's the levy on the municipalities and it goes back to what I started to say at the beginning. This is a charge, this is the province moving in, moving in to the only source the municipalities have, the property tax; moving in as partners and saying, "Shove over. We've got all the other taxes now. We've got all the user taxes. We've got the provincial sales tax and everything else. Now shove over; we're moving in." And instead of dividing the responsibilities and saying, "This is yours and this is ours," they moved in very, very nicely and said, "We are now partners. Now we want 13.1 mills on your equalized assessment on your residential, and we now want 37.1 mills on your industrial and commercial taxation."

So that municipalities today -- Metro of course is another problem. There's a Metro which is also a partner but I'm not going to go into that aspect of it; I'm talking generally of Manitoba. So now you have the situation today where the province, where the municipalities, as I say, have found themselves a partner who is sitting at the table and he doesn't have to say, "Would you pass me something?" He doesn't have to. He sends a letter and he says, "Give it to me by this and this date," and the municipalities are left to somehow scratch around to try to find the revenue to give the services that people today are entitled to, which people want, and which this government as a matter of fact encourages them to give, introduces resolutions that say we encourage them to give recreation. This is the sort of thing. So even if the municipalities try to forget about it and play down the matter, because perhaps this year they haven't got it, they can't get away with it because this government will remind them that they should do something about it, although as I say, their funds are strapped and they now have the province eating at the same table and sharing from the only tax resource available to the municipality.

There's one other item I would like to cover while I'm on my feet and that's the question of assessment. I don't profess to be an expert at it, and after listening to members yesterday I don't feel badly about not being an expert because there are obviously very few experts in this House, if any. And I don't think -- it's obvious, let's put it this way - it's obvious that it is a grievous problem; it's obvious that it's not a problem that we're going to answer simply by snapping our fingers or someone getting a brain wave, because it is, as the Minister said, a

(MR. MILLER cont'd.) problem that has been studied in other jurisdictions in Canada and they haven't come up with an answer, but in looking at the problem are we not really looking at it in the wrong way? We are blaming - and the Minister for Turtle Mountain and others - are blaming assessment -- (Interjection) — Pardon me, the member for Turtle Mountain. I've elevated you to a Minister. The Member for Turtle Mountain pointed out the problems of assessment in his area, and other members talked about the increase in assessment and what it has done and how it has hurt them.

Now at one time it didn't really matter whether a municipality had a high assessment or a low assessment. If they had a high assessment and they had to pay for municipal services, they had a low mill rate. If they had a low assessment they'd have a high mill rate. But basically, the purpose of assessment within the municipality was simply to apportion the costs of running the municipality amongst the residents and property owners within their own municipality. Now we suddenly find screams and howls of pain from all over Manitoba about the increase in assessment and what it's doing to them, and the reason this is happening is because no longer is assessment, or amount of assessment just something that is used to measure the amount that will be paid by ratepayers within a municipality to the municipality.

Now this assessment affects how much the province is going to take out of that municipality, and this is where the rough comes in. So when I hear people saying, "Well, we have to change the method of assessment because in this and this area someone is paying 150 percent more," what they're really saying is this. They're saying, "We don't want to pay it; let somebody else pay it." What they should be saying is: "Province, get out of our pot. Get out of the only source of taxation we have." Because these two are very closely intertwined. You can't separate taxation from assessment.

The assessment is the base on which the taxation is levied, and so long as municipal taxation was the source of income for the municipalities (and that was basically it) it didn't matter how the assessment went up or down. There might be fights between neighbours - it was very slight; but as soon as we got into the proposition that the province was going to use the property tax to fill its coffers, then assessment became essential, and then the value of assessment . . . a municipality could make the difference of thousands of dollars to a municipality because 13 mills on the assessment in that municipality hurts, and hurts hard.

So when we tackle the question of assessment, let's not just go into this. Let's not get stuck or lost in this thicket which I feel is almost impossible to get through, the argument of whether we should just use productivity or we should just use market value, because frankly, I think if we get into that jungle we'll never get out of it. The rural people can argue - and I suppose logically this productivity should come into it - that land shouldn't just be considered because of the acreage it has or because somebody bought a piece, some neighbour sold a piece of land at five times its known value in the area, or its recognized value, and suddenly everybody's land values goes up because of the sale of this piece of property or two pieces of property. I say to the rural people, although I sympathize with them: what you're really saying is this. When you talk about productivity what you're saying is that - you kind of bring the ability-to-pay principle into assessment and into property taxes.

Now one thing that the property tax doesn't do is reflect ability to pay, and that's why it's one of the most aggressive taxes there is. It doesn't relate to ability to pay. At one time it did. At one time a farmer could say, "I am on choice land. I know that I can raise this kind of wheat, so many bushels of wheat. I know I can get this kind of price and I can sell it, but today with the cost-price squeeze we hear now, the problems of the rural people of the farm communities, this no longer applies, so that when I hear talk in this House about the plight of the farmers with regard to assessment, although I sympathize with them, they are introducing what is known as productivity, and productivity is ability to pay; and it's no different in my mind to a woman or a couple who lives on a pension in a small home in Winnipeg, in Greater Winnipeg, or in Brandon, and who have been retired for ten, fifteen, twenty years.

This is their only asset, their little home. Their income can't possibly keep pace with the rising costs of their taxes, and we know this is so. They've got the odd increase in their pension, sure, but by and large the cost of living and their taxes have far outstripped the gains in their pension. So let us equate the two; the farmer who says, "I want productivity as the basis for my assessment," and the old-age pensioner who says, "Well in that case let's use productivity in assessing my property too." And I think they have a point in that case.

And what is their productivity if they're 70 or 75 or 80 years of age? Their productivity

(MR. MILLER cont'd.) is zero insofar as generating new income is concerned. They can't. They are stuck. They are frozen insofar as their productivity is concerned. So that when we're talking productivity for the farm and try to - as some members do perhaps unconsciously - try to picture this as purely a rural problem, it isn't so. This problem exists in the City of Winnipeg; it exists in rural Manitoba; we call it by different things. We call it "lack of productivity" in one area; we call it "lack of income" in another. But basically, any attempt at trying to tie assessment to productivity is to try to tie assessment into ability to pay, which means taxation on the basis of ability to pay.

Now I'm not averse to that principle. I've spoken in this House before and I've suggested that the only fair tax is a tax based on ability to pay. The only fair tax. Anything else is unfair; it's regressive; it hurts the people who can least defend themselves; it hurts the people who can least afford it. And this is what the hue and cry today is all about, Mr. Chairman. Because in Greater Winnipeg, in thousands of homes in Greater Winnipeg today, there are people who are caught; they are caught in this vise of rising property costs, of rising living costs, and their incomes have by and large remained constant. Their productivity, their years of productivity, their days of productivity are finished, and their ability to produce more in order to pay these higher taxes, is gone; it's ended. And so they are caught in this vise and until such a time as we recognize that taxes to pay for public services, such as the municipal services, should be paid by property and that's all, and that the other taxes must be based on the ability-to-pay principle through income tax, through other taxes, then and only then is there any chance that we're going to resolve the problem.

Now as I say, I recognize that assessment is a problem, and the suggestion by my colleague the Member for Inkster said that the Assessment Department should perhaps publish a little booklet so people will know whether they can paint the house with impunity or whether they're going to be assessed for it. Well that's all fine; but frankly this is very nice it isn't going to resolve the problem. It doesn't even come close to scratching the problem.

Now last year, if you remember about a year ago when we met with some members of the outer -- people in the outer zone, I was the one who suggested that in the outer zone, due to the problem of urban encroachment on rural areas, that we should look at the question of deferment of taxes, and subsequent to that a meeting was held last summer, as the Minister pointed out to this House, and the department through the Deputy Minister brought in a study in which he did suggest something along that line, along the line of deferrals. And I don't doubt that maybe we'll have to do something in this direction, and I would urge that something should be done towards a study of this sort of problem, because this is a unique problem. This is not the problem referred to, I think, by the Member for Turtle Mountain in his resolution or in other talks that I've heard in the House. This is a problem relating to, or which affects only those areas which are around a burgeoning, growing, urban community such as Winnipeg, such as Brandon - there may be others in Manitoba - where as they're growing - maybe Portage la Prairie - they are bound to affect those farm lands which are on their borders, and the moment the urban core, the urban community starts growing and flexing and spreading at all, then these farm lands immediately adjacent to it are very directly affected by assessment, by re-assessment, and there's no doubt in my mind that if you're going to continue to be a farmer on the borders of an urban area, you can't afford to pay the taxes that that assessment is going to demand, because I think the entire, the costing of your operation includes a low tax rate per acre. If you've got to pay \$30.00 an acre instead of \$5.00, you're not going to survive very long.

So these are unique problems and I think we have to look at them. But I don't think that's the general problem. The general problem, as I mentioned earlier, is in our inability and our refusal to recognize that the province has moved into an area in which it shouldn't be, and I find it regretful, really, that arguments start up between neighbours and arguments start up between municipal people, fighting to get assessments reduced in their area. Let's reduce it here and let's let somebody else across the road pay. Let somebody in the next municipality pay. That is not going to be the answer and we'll never find an answer for that. We can only resolve it if the province decides, once and for all, that this is an area of responsibility for the municipalities; this is their problem; these are the sources from which they can collect the taxes; these are the only sources from which they can collect the taxes; let them have it; let them be viable; but then demand of them that they give the service which they've undertaken to give, that if you cut them down by taking pieces of this tax source, then this province will,

(MR. MILLER cont'd.) in the final analysis, suffer because I feel that the viability of municipalities is essential, that the participation of people in their communities through their local elected people is good, and if we fail, then we are going to fail this whole concept; and if we fail, then the time will not be very far away when the province will have to step in and simply take over the running of the school divisions and the municipalities. And this is a prediction on my part.

. . . and the Minister spoke with some pride of the Burrows-Keewatin Development and the Lord Selkirk Development, and I join her in agreeing that the Burrows-Keewatin Development is very fine, and Lord Selkirk I hope will be finer, and I hope that the next one on the drawing board, whatever that is, will be finer still. But I'm wondering why she's patting herself on the back. What has she done about it? The truth of the matter is that she said last year we introduced the Manitoba Housing Renewal Corporation Act, and she talks about that and then she talks about Burrows-Keewatin Development and Lord Selkirk. But, Mr. Chairman, those developments were there long before this Manitoba Housing Corporation Act was passed. That wasn't the purpose of the bill, and last year I think she recognized that, but this year she apparently has forgotten.

This Act that we have now has absolutely nothing to do with what happened on Burrows and Keewatin and what happened at Lord Selkirk Park. That was started under the old Urban Renewal Act - I forget the title of it - the Manitoba Urban Renewal Act or something. It was all done while that Act was in force. And so to tie the two in and try to imply that because last year we passed a bill giving us powers . . . a new Act, to try to somehow tie this new Act into what happened, is - well it's somewhat misleading; put it that way. The fact is that last year the bill, the change in the bill last year was to give Manitoba for the first time the possibility and the power to get into public housing. -- (Interjection) -- Okay. We were to get into public housing last year, not through urban renewal but for the first time it would make it possible for this government to get into that aspect of housing which is badly in need of in Manitoba, that through a housing authority you could come into a municipality, you could buy a house, you could buy a number of homes in a new development, you could make those homes available on a subsidized basis to people who needed it. The Minister, as a matter of fact, did touch on this. She said maybe we have to look at things a little different. Maybe not everyone wants to live in a new housing complex. And she's right. But that's why we passed the bill last year.

She was right in saying this year for what she did last year, but unfortunately she did nothing in the intervening twelve months. Because I want to know what has been done in that area. I don't think anything has been done. What has been done is what was done and made possible under the old Act. Today the public housing, insofar as individual accommodation is concerned, hasn't moved forward at all, and I'd like to hear more definitely from the Minister what she has in mind in this regard because it's in this regard that I think will hinge the success or failure of housing accommodations in Manitoba. Since I've only got a couple of minutes left I'll take up that aspect in detail later on in the estimates, but in the meantime perhaps the Minister might answer some of these questions.

MR. FROESE: Mr. Speaker, I too wish to congratulate the Minister and the Department on the work they are performing for the people of Manitoba. At the same time, I think there is many things left to be desired, and also changes that should be made, in my opinion.

My talk here this morning will mainly deal with three or four matters. The first one has to do with the matter of urban renewal and housing and so on, and I would like to say from the outset that I dislike these programs where we get government involvement in such matters as urban renewal and all the different programs where we give certain degrees of assistance, in the different ways in housing and so on. Why do we have to have all this? Why is it necessary that we have to give these different types of assistance? And I come to the answer that the main reason for it is a shortage of purchasing power. If we had sufficient purchasing power this would all fall by the wayside. People would look after themselves. They would have the means whereby they could look after themselves and we would not have to involve government to the degree we are involving them today in programs of this type. And in my opinion this is socialism if ever you can have socialism.

When we take a look at the wage rates for Manitoba and compare them with other provinces, for many years we've been way down on the ladder whereas some of the other provinces were much higher, and I think this is the remedy; this is where the remedy is and where we should try to remedy the situation, not do patchwork of this type. And I feel that the Federal

(MR. FROESE cont'd.) Government should share this responsibility, and is responsible too in this, because we find that they are responsible for initiating many of these programs that involve us in this way. And I do hope that since health and welfare - and this in my opinion deals largely with welfare - is a matter of the provinces, I hope that they do not leave us holding the bag after a few years in this matter.

Then, too, we see that taxes are going up each year, not only provincially but federally. We have increasing taxes all the time, and this is another factor that reduces the purchasing power. And then, to top it all off, they feel or they say that we have inflation. Well, in my opinion, we do not have inflation because when you do have inflation you do have too much purchasing power chasing the goods that are available, and this is certainly not the case at all. We have an abundance of goods and we are lacking in purchasing power, so that the inflation is more or less artificial than has been brought about by other factors.

Then, too, I think the interest rates have to be brought into play here because these are rising and are at an all-time-high, and I would like to hear from the Minister just what the rates are under the various programs under CMHC, because they have been rising and no doubt even under these programs they will be able to rise if they so decide. I don't think there is a ceiling on this that they cannot increase. And because of this lack of purchasing power we have, the result is that we have a continual request for subsidies. All the various groups are coming forward and asking for subsidies of one kind or another such as are applied on low income housing, and also under the Welfare Department we have the hospitals and the other different programs, low rental income housing, and now we have urban renewal where the commercial factor comes in and commercial businesses are coming in under these programs, and in my opinion we are getting far too deeply involved as a government. And it also at the same time necessitates people to conform to various regulations laid down under the requirements of these Acts and programs and the regulations, so that I feel that society should be kept much freer, and as I think one other speaker has mentioned, that our people should be more free to decide for themselves what type of housing and living quarters they would like to have and are desirous of, and not have big apartment blocks and live in them and have to go according to the regulations supervising them.

Referring to the matter of government programs, I have here a copy of the Urban Renewal and Public Housing in Canada that is put out -- the publication is put out by Central Mortgage and Housing Corporation, and Volume 3, No. 4, 1967, has an article on the federal-provincial conference on Housing and Urban Development, and they cite in this report a number of the difficulties that they encounter in their programs; and one of these, and I would like to mention here Number 2, and I quote: "Housing costs have increased 50 percent in 15 years in spite of the increased efficiency of the housing industry," and then they have in quote, "However, incomes have gone up 100 percent in that time. The most difficult factor is the high cost of serviced land including costs of raw land, cost of providing underground and street services to a very high level of quality, the effect of zoning by-laws on residential land, the effect on municipal cash imposed on residential land, the difficult and often inefficient process for obtaining approval for land development," and so on. There's eight points listed in all under the article, where they have difficulties and problems arising.

The publication also cites the various projects in the various provinces under way; also Manitoba is listed here, and we heard the Minister yesterday listing some of them that are in the various stages in Manitoba. And I noticed from one other publication here, or another issue of the same publication, an item: "A special \$35,000 nine-month federal-provincial study to prepare a plan for the development of the entire community at Churchill, including a town-site and federal government installations was announced by Labour Minister Nicholson and Municipal Affairs Minister Thelma Forbes." Is this the Jones Report that has been referred to? I don't recall having a copy. Maybe I do have one from last year, if it was tabled last year, if that is the one. If not, I would like to have the Minister comment on this.

It also goes on to say that "seminars on public housing and urban renewal sponsored by CMHC, the province and individual municipalities, were held in Carman, Brandon and Selkirk. The sessions were designed to provide financial officials in Manitoba communities with first-hand information on available assistance for schemes to improve living and working conditions in the province." That's two of the articles listed under Volume 3, No. 2, in the second quarter of 1967.

I don't know -- one seminar was held in Carman. I don't recall getting notice of it; at

(MR. FROESE cont'd.) least I did not attend. I wasn't aware of it. I would like to hear from the Minister what the results were of these seminars; were they successful and what actions were taken if any, especially in the one, the Carman one, because that would cover the south central area of the province and I would be interested to hear from her. There are other items contained in the report which are of value, and it's I think valuable to get the reports from the Housing Corporation to see what is going on in the province and in the Dominion under the programs.

But in my opinion, Mr. Chairman, we're attacking the problem the wrong way. As I pointed out, I feel we should be increasing purchasing power and let the individual and the private factor look after it. I don't think it's proper and I don't think it's desirous for us as a government to get involved in so many of these programs. We're starting them off now and there will be no end to it. This will continue in perpetuity, the way I see it, and then, too, I feel if government is involved, then we should see to it that lower interest capital is provided for this purpose to the Bank of Canada. The means are there and there's no reason why this cannot be done, and I think we should make our requests known to the Federal authorities on this matter so that lower interest capital will be made available if we do continue in these programs. I, for one, would much rather see it go the other way, and if subsidies must be made I think we should do something like the Province of British Columbia is doing in that they provide for home acquisition grants. This is an outside grant to the people acquiring their first home, be it newlyweds, be it younger people or older people acquiring their first home; they are receiving an outright grant. Up until last year it was \$500.00; this has been increased now to \$1,000, and this, in my opinion, is a once-for-all grant and the government is clear after that. We're not involved in all the maintenance and so much of the paper work that is required at the same time.

The other way in which they're assisting the people of British Columbia is in the home owner grants that are applied on their taxes. Up until this last year this amount was \$120.00. It is now being increased to \$130.00 and this is a very substantial amount; and there are many, many taxpayers and home owners in British Columbia that only pay the \$1.00 which is mandatory for them to pay after they've deducted the \$130.00 or \$120.00. And I think a program of this type would be much more preferable to what we're trying to do here in Manitoba. This will reduce taxes. This will then increase their purchasing power and they will be free to spend it for the purposes they need it most. And I think this is the way it should be. The individual should be freer to do what he likes to do and what he needs it most for.

These programs that we're initiating now are not only tying the hands of this government but it will tie the hands of future legislatures. Future legislatures will have to deal continually with these matters that we're initiating now and these programs that are gone into now. How can they ever get rid of them? This is one thing I just hate to see, that we have to get involved in this way, and I would like to refer briefly to an article that I referred to once before. It's an article contained in Canada Month, of February, 1968, headed "Principles for a Government of Free Individuals" and I'd like to quote a few paragraphs from this article that has to do with the human interests, and I quote:

"The philosophical orientation of the present government of Alberta includes the following principles and values:

"1) The individual human being is of supreme value and importance and ought to be regarded by governments and by society as intrinsically more important than non-human things. Prior consideration will be given to human beings individually, persons, rather than to human beings collectively, society." And I think this is important to keep in mind.

"2) No two individual human beings are exactly alike and so long as the distinctions between people are neither immoral nor unjust, variety in human life, associations and culture should be recognized, appreciated and encouraged.

"3) Society exists to enhance the development of free and creative human beings and should aspire toward the provision of full opportunity for every individual in every area of human endeavour.

"4) The supreme objective in developing the physical resources of a nation should be to make possible that full and free development of the human resources of that nation.

"5) The institution of Government is both a product and an instrument of human development, and good government is responsible to the people whom it serves.

"6) The primary rights and responsibilities for the development of the human resources

(MR. FROESE cont'd.) of a nation should reside with individual citizens and associations of citizens, with responsible government performing its supporting function rather than a domineering function.

"7) The primary rights and responsibilities for the development of the physical resources of a nation, the national economy, should reside with private citizens and associations of citizens, with responsible government performing a supporting function. A free enterprise economy, in which all individuals have maximum opportunity to participate, will be regarded as more desirable than a state-regimented economy."

Mr. Chairman, I think those are very good sentences put forward and ideas put forward, and that I do subscribe to, and I do hope that our government would give greater consideration to, and follow them.

I would like to mention briefly the working paper on assessment and taxation of lands affected by urban influence. I did get a paper last summer from the Minister's office. However, the day that they had a meeting to discuss this from the various parties, we had another meeting of the farm machinery committee and this was a conflicting date, and therefore I could not attend, so I do not have the benefit of what was discussed at that particular meeting. However, I have read the paper not only once but several times, and I do take a lot of interest in what is being said and developed here.

I would like to quote one paragraph on Page 10 - the second paragraph - which reads thus: "The objective of assessment is that of determining equitable tax bases to which rate levies may be applied by local authorities in imposing taxation. Tax bases in this province have come to be used for many purposes, such as in the sharing of local school cost, provincial school grants, hospital costs, health costs, welfare costs, elderly persons' housing costs, and many other purposes." End of quote.

And I think that this is quite true, that the assessments are used for the various purposes, but as I have stated on previous occasions, it is in the interval from the time that one assessment is made before the next one is made, that I feel a lot of inequality is creeping in, and that the formula used in the interim is not, in my opinion, working properly or is not what I would like to see. Because why do we have such large increases in the equalized assessment all at once after reassessment has been made? If these formulas were working properly, this should not happen; this should not be the case. It has worked to a very great hardship in the municipalities in my constituency, once because of the assessment, and secondly, also because of the government implementing or legislating the unitary divisions, because not only were they hit because of not getting the teacher grants, but on top of that they had a reassessment which was almost double the amount, or more than double the amount of what it previously was. And therefore, when you apply the general levy on the equalized assessment, this amount is deducted from the teacher grants that you earned and therefore you lose in that way to such a large degree when you have this happen. And this is exactly what we have had happen in the municipalities in my constituency. Both of them had reassessments and then, because of not getting the same grants that are applied to the unitary division, they were hit on another score. And I think this was very, very wrong indeed. This should never happen in a free society and a free country such as we claim to be, that we should make such disparities and discriminate against the people in communities the way we do.

The other point - and I've touched on this before - I don't know whether I should repeat it, but I still feel that the matter of having courts of revision, if they will not be more effective than what they have been in the recent past, I don't see any need for them because they have been too ineffective, in my opinion. Because when you have - and I think it was 160-odd people appear, and then you just have a handful of cases that they will subscribe to, or at least give partial relief to, there must be some reason why we would have that many appeals in a given case. So I feel these two areas should definitely be looked at and given reconsideration to.

Then on the matter of deferment of taxes, that the paper is mostly about, it seems to me that this is the thin edge of the wedge for capital gains tax. I can't see it as anything different, because here we are allowing under - this is not legislation - but the proposal would allow a certain portion of the municipal taxes to be deferred, and the reason we are considering deferment of this is because the capital gain of certain properties, that we feel that there are in these properties. The assessment of these properties in our consideration, or the people that do assess, bring this about, and in my opinion this is the bringing in a capital gains tax through the back door. And what happens after several years of deferment if the economy or

(MR. FROESE cont'd.) the situation should be such that he cannot repay those deferment of taxes? He then loses out completely. He would lose his property and the amounts of the deferment, if it is set at 75 percent, could be very substantial over a number of years. And I'm not so sure whether I would subscribe to a proposition of this type. I think I would keep hands off and not go into a situation like this. I'd like to see fuller discussion of this point. We've had I think one or two members briefly discuss it, and as I've already pointed out I did not have the benefit of the discussion in the Committee, the meeting that was called in February, so that I do not know the views of some of the members that they might hold on this proposition.

The matter of assessment was raised by the Minister and I think there are two other points in addition to what she pointed out yesterday in her opening remarks, and that has to do with the access of funds to people purchasing property and the cost of interest. Both these items, I think, play an important role on the assessment of property once you take market value into consideration, because market value is affected by access to funds and the cost of interest, and because of the situation that we've had develop this last year where money is getting very costly, and secondly, because of that it's not as readily accessible and available, that this already has affected the market value of properties, and as I pointed out earlier in the Session, we've had properties that were sold close to \$100.00 less than what the going prices were a year ago. And this is very substantial, and when you have assessments made on the basis of market value, your assessment can fluctuate very much and should fluctuate, because if it is assessed at a time when money is readily available and interest is low, people are more prone to buy and will buy more readily and go into debt on that basis than when you have the reverse situation, and then your market value drops, and if you base your assessment on market value then we should have reassessments of properties more often. I think the assessments of the two municipalities in my riding I think should be reassessed because of this, if this tight money situation prevails much longer, because I'm sure that you would find that the values have dropped and that you would get different results in assessing when you do take market value into consideration.

There is one other item in connection with this whole matter, and that has to do with the advertising of properties for tax arrears after one year. And I think this is the present legislation; and when you get into situations with quotas, farmers having quotas, and unable to sell their grains, this can mean that you can have large lists of properties up for tax sale because of tax arrears when it's through no fault of the farmer. No doubt we might have the reply that well, he can go and borrow if he has the wheat, but this means that the farmer has to pay additional interest on the money that he borrows and this just adds up to the farmer's costs, and I feel that one year is too short. I feel that this should be extended for at least one more year. I think the legislation was just passed a few years ago making it one year, and if I'm wrong in any way I would like to have the Minister correct me on this because I think one year is too short and can cause embarrassment to people because of this.

One other item that I thought I should raise has to do with the Boundaries Commission. I don't think the Minister would expect me to sit down without making some remarks in connection with the Commission and its work. We did get a report, an interim report, "Provisional plan for the education system of the Interlake region, Province of Manitoba." Mr. Chairman, in my opinion all that this report does, it just gives an outline of centralization. That's all it is, in my opinion. I certainly have no use for it when it's just advocating centralization, and in my opinion this also reflects on the government, and that is that it is still continuing on its old centralization policy and that this policy has not changed. I for one can definitely not go along with this policy and with the recommendations of this Boundaries Commission. In fact, when they are supposed to do some other work now, as the Minister reported, on the Metro area all they'll be doing is telling the lower level of government in Manitoba what to do, and I think the people in charge of our municipal administrations of the various cities, towns and rural municipalities know much better the situation than do the people of the Boundaries Commission. So in my opinion we could well do without the Commission and save the money that we are spending on it. Then, too, the people of these communities certainly are not very satisfied because, as was pointed out, meetings were held and we had large protest groups at these meetings, according to press reports, and that the people are not happy in these areas with the results that came about from the Boundaries Commission. I think any Boundaries Commission should reflect the will of the people and not necessarily just what the people in

(MR. FROESE cont'd.) the Commission concerned, their views being put forward.

The matter of technical schools I think was raised yesterday by other members, and normally this would fall under the Department of Education. However, with the Boundaries Commission being charged with this matter I think it's only proper that we discuss these things under this item as well, under this department, because the moneys allocated for that Commission come from this department, and I would certainly like to see a technical school up in this south central part of the province in my home area. So the Boundaries Commission might well make requests or point out where the schools should be built, but I'm sure Cabinet will have the final decision and they'll be the ones that will make the decision. And I'm just wondering whether the decision of the Provincial Secretary not to run federally had a bearing on this matter so that they would get a school in the Dauphin area. Maybe I'm drawing the wrong conclusions, but certainly there must be some reason for him not running up there because apparently he was preparing all this while to run federally in that area. -- (Interjection) -- I think that all these things have a bearing on his deciding not to run.

So, Mr. Chairman, these are a few of the remarks that I wanted to make this morning. I have one or two other items which I think I will raise under the individual items.

MR. SAMUEL USKIW (Brokenhead): Mr. Chairman, I want to deal briefly with a specific item. The Honourable the Member for Seven Oaks touched on this particular question but not too substantially, and that is the special problem that we have with respect to assessments as they affect the nine outer zone municipalities and probably other areas around other urban centers in Manitoba.

Last year, the nine outer zone municipalities made representation to this House with respect to the substantial increases in assessment, and as I recall we had quite a discussion with them, and as a result of those discussions a committee, an informal committee of this House, was set up to try and deal or study the problem, deal with or study the problem in between sessions, and as I recall, I don't think that we came to any conclusions. I wasn't surprised at that, Mr. Chairman, because I didn't expect that that committee would be able to come to any definite conclusions, being a fact that the problem is a complex one, as I'm sure the Minister will advise the House, or has advised. But I want to draw to the attention of the House, Mr. Chairman, that there are other jurisdictions in North America that have had some improvement insofar as the increases in assessments are concerned around the urban centers. I don't know whether they are the answer or not, but I want to draw to the attention of the House that in the States of California, Maryland and New Jersey - and probably some of you are aware - that they have introduced a system of deferred taxes or taxation. And if you use the State of New Jersey as an example - it comes under the Farm Land Assessment Act of 1964 of the State of New Jersey - if you used their example we would adopt a formula that where land use is transferred from agricultural to other uses that the assessment for that year would then bear relationship to the use for which the land was put or sold, and that the taxes would be rolled back for two additional years prior to that year. So in other words, it's a total of a three-year rollback.

Now I don't know whether this is the answer, Mr. Chairman. I'm sure that many of us may have many reservations about this particular proposal. But I think we ought to explore the idea. I think we ought to have a committee of the House again set up this year to do a greater amount of research into this problem, perhaps even send the committee down to some of these areas to see just what they are doing, because this is a very important problem, Mr. Chairman, to people surrounding these urban centers. And just to cite an example, I have a letter from one or two of my constituents - in fact I have a number of them, but I'm going to deal with one where they had paid -- this is a 6.9 acre market garden where they have paid \$55.00 in land taxes a year ago; last year this was increased to \$265.00 from \$55.00, and this year they tell me they will suffer an additional \$90.00 increase which is going to put them up somewhere around \$355.00. Now, this is a couple that are trying to finish off their last few years in the active end of life. That is, they are going to retire within a year or two. The husband is 63. They make their living totally out of this 6.9 acres, and I am sure, Mr. Chairman, that you can appreciate the problems that they are facing. The assessor has told these people that when they do retire that they will also be subjected to assessment on their buildings, because they will no longer be classified as farmers. Now I don't know whether this is right or wrong but I hope it isn't right, because really these people will be in a position where they won't be able to sustain themselves on that piece of property which is their home.

(MR. USKIW cont'd.)

The other example I will give you is an example from the Selkirk area where a man operates a 75 acre vegetable farm. He paid \$1,400 in taxes last year, roughly \$18.00 an acre, Mr. Chairman. This year he was told that he would be paying \$2,100.00. That was before we had the announcement of the four mill increase on the school levy. Now, Mr. Chairman, you can recognize that this is just an impossible situation for a person trying to derive a livelihood out of agricultural production. This man is going to be faced with something like \$30.00 to \$35.00 an acre in taxes. Now I know that it's just impossible to make a go at farming if you're going to pay taxes at that level.

So we do have a serious problem, Mr. Chairman. It's a special and peculiar problem unlike that of the other rural areas in Manitoba and unlike that of the urban area. It's something that is peculiar and that has to have some special attention. And I'm quite sure, Mr. Chairman, that the Honourable Minister recognizes the gravity of the situation, but I hope that we don't procrastinate in this House; I hope that we do move along and try and come to grips with it, because people simply cannot afford to carry on for too long under these circumstances.

In the State of New Jersey, the formula they use is one where they divide the state into five soil groups and four different land uses, and they base their assessment totally on productivity. I asked them why they chose this formula and they told me that there are two problems that they are facing in the State of New Jersey. One is that they wanted to try and control the massive urbanization that is taking place, or to hold it back somewhat, and the other is that they recognize that the farm community could not bear the cost of substantial tax increases on the periphery of urban centers if they were to maintain themselves in business. And these are the two criteria which prompted this type of legislation.

So, Mr. Chairman, I simply want to suggest to the House that what we should do is set up a committee of the Legislature that would study the problem and report back to the next session. But let's have a meaningful committee, Mr. Chairman, not an informal one; one that will have the power to do a good deal more research than the one that we had last year; and let's try and deal with this problem before it gets too out of hand, Mr. Chairman.

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MR. RUSSELL PAULLEY (Leader of N. D. P.) (Radisson): . . . I know you were complimented the other day in doing more inside of two or three —(Interjection)— Oh no, it was the Honourable Member for Winnipeg North Centre. My colleague from Brokenhead just raised a very important matter for the consideration of the Minister in respect of assessment, and I think in all due respect and because of the importance of the matter of assessment, that we should hear some comment from the Minister, particularly respecting the suggestion of my colleague from Brokenhead in a possible procedure of tackling this matter of assessment. I appreciate the fact that there were one or two meetings held in the Minister's office respecting assessment. I understand, if I recall correctly, at that time the suggestion was that maybe this matter would be referred to the district meetings of the Union of Manitoba Municipalities and the Urban Association, and this is all to the good. But I don't think that it is sufficient and I would highly recommend to my honourable friend the Minister, Mr. Chairman, that she make some comment on the proposition of my colleague from Brokenhead of a continuing committee of this House, at least in the interim, so that the matter like Topsy, just — it doesn't go away because it won't go away, but I think that it is of such vital importance that all segments of the House, or parties in the House should try to get together and make their contributions to this great problem in Manitoba at the present time.

MR. FROESE: Mr. Chairman, I too would like to have a reply, especially in connection with the formula that is being used during the interval and in between assessments being made.

HON. STERLING R. LYON Q. C. (Attorney-General)(Fort Garry): . . . as I understand, she is going to answer these questions that the Leader of the New Democratic Party has spoken of. I thought I should, around 11:00 o'clock, bring to the attention of the committee that we have now spent 5 1/2 hours on this department in Supply and we are facing the Department of Education as our next department, the largest spending department of government, that we should have by 12:30 today roughly only 10 hours of supply and I thought honourable members would want to have that information.

MR. PAULLEY: . . . with respect, Mr. Chairman, but may I point out to him that the matter of assessment is one of the most important problems in Manitoba today. As a matter of fact, the question of assessment and the raising of money is the responsibility in many respects of the municipalities to provide the money in order that the Minister of Education can carry on his programs. So it's related, and while we may steal half an hour off the Honourable Minister of Education —(Interjection)— that's right, we settle the money before the Minister can spend it.

HON. THELMA FORBES (Minister of Urban Development and Municipal Affairs)(Cypress): Mr. Chairman, thank you. In my opinion, the Department of Municipal Affairs is the most important department of government and I'm quite happy to spend a bit of time with it. I will try to be brief but I do want to deal with what was presented to us by the Honourable Member from Seven Oaks, because in his opening statement he said that municipalities have their backs to the wall and that this situation — I think he intended to tell us here that it drew on us and he leaves the inference with us that this government hasn't done anything about it.

Now, Mr. Chairman, I simply can't let that go by. I would refer him to the report of the Municipal Enquiry Commission of Manitoba brought out in February of 1963, and I'd like him to look at the unconditional grants in 1957-58 and they were \$1,996,403.00. In 1961-62 they were \$2,506,833.00. You will note the increase there, and I would like to give him the unconditional grants for today, Sir, and they are \$2,850,000, and I think we certainly have done or attempted to do something here.

I haven't them for all in 1968, but let's look at education. In 1957, \$11,477,356; in 1961-62 it was \$25,755,392.00. Now this was a substantial increase and today — and I leave this up to the Minister of Education — but the figure I have is \$71,323,000. We are attempting to assist municipalities in every way we can. Health — in 1957-58, \$2,069,364; and in 1961 there were \$1,098,168. I haven't got the figures for health and welfare and I will leave that for 1968 until the Minister of Welfare takes his estimates, but I would like to come down to the other one, Highways, and Drainage and Construction. Here again there is a substantial increase as the years bear out in these records here, and for this year of 1968 the increase, without going through them all and taking up the time of the committee because you have this information, what we have spent here is \$10,573,000.00. In Miscellaneous, which takes in part of the Department of Municipal Affairs because it includes the grants in lieu of taxes,

(MRS. FORBES cont'd.)... they were in 1957 - miscellaneous, \$2,599,823; in 1961-62 they were \$3,286,595; and this year they are \$1,960,000.00.

Now I think that the honourable member will have to agree that we have attempted to help municipalities and we have poured money into the municipalities too. He tells us that we should specifically lay down the area of responsibility for the municipalities and that for the province, and he's got a point to an extent, but I think that we all agree that we want to leave as much responsibility with the municipality, with the local government as we possibly can. We have attempted, and certainly attempted in our school tax rebate to shift the area of tax. We have again attempted to do so in the Foundation Program. Probably one thing, if I might say so, the full impact of these taxes have never really been on the people with the growth and the demands that are on government. I really don't think people have really felt the impact. If they had felt it before the relief was poured in there might be a different feeling, but we attempted to relieve people before they really felt the impact, and yet they are certainly carrying a substantial load and I would be the first one to admit this.

I think that we could go into more detail of what he had said, but in the interest of brevity I think I will pass over and maybe cover it on some of our estimates as we come to them, and would pass over into what he mentioned about our housing program, and he says that we have not done anything with our new housing corporation. Well, I just don't understand his line of thinking when he said all of these things that were done in Lord Selkirk Park and in Burrows-Keewatin, that's long gone by the board, let's forget all about it because we can't take any credit for what is going there. We're not taking any credit for any of it, Mr. Chairman, because certainly it's the City of Winnipeg who have implemented this urban renewal and the housing projects that are there. The credit is with the City of Winnipeg, not with this government, and if we gave any inference that it was, well I would like to correct that because it is the City of Winnipeg who has gone ahead here. They've had the initiative and the energy to go, and for that I think I complimented them in my remarks and I still do.

But remember that for the City of Winnipeg to go ahead, it is a sharing partnership between CMHC and the province and it doesn't just flip over in one year. If you will recall our estimates of last year, we had some \$111,000 in our estimates for the administration of the Housing and Renewal Corporation and for rent subsidies, and certainly the rent subsidies in Burrows-Keewatin and Lord Selkirk Park are going to be with us for many years. This was mostly Burrows-Keewatin because, as you well know, Lord Selkirk Park wasn't occupied and is only occupied to a very small extent yet.

Now the urban renewal studies that were going on in Winnipeg and are still going on in Winnipeg in area No. 3 and in Area No. 2 are a continuing effort, and to say that that's all over, why that's not right because even the cost tag on those studies is higher than what was anticipated, and last year approximately some \$50,000 of our money, of the provincial money that you voted for in estimates, went to the two urban renewal areas in Winnipeg. We will be continuing to have to vote money for this area, and, as I said, it's still a continuing basis.

Now the other urban renewal studies which were in St. James, in Brandon, in Flin Flon, in The Pas, in Selkirk and Portage la Prairie, approximately \$2,000 for each one would probably cover the cost that the province put into this portion of it, and certainly there was a cost factor for us as well as the other partnership in the Interlake housing study, so we certainly have spent our money as wisely as we possibly could on the request of the people as to what they wanted.

Now when we think of the Lord Selkirk Park, and I think the honourable member is very close to the progress that is going on in there, I would like to remind him that our share in Lord Selkirk Park to date, Sir, is about \$1.2 million. So I would suggest to him that certainly what we have done with our money is what has been requested, and remember that the Housing Corporation has only been — they were brought into being in the last of June and I certainly think they have given advice and at any time help to any of the people who came to them from the various areas.

I'd like to remind him that the City of Winnipeg - and I'll go over that again - they are requesting again some investigation and approval to construction of further housing units, 70 in number I believe. We have requests from Swan River, the Council requesting assistance in looking into this for housing there. Brandon are presently — and it takes a little time to get off the ground for these various places, but these seminars that the Member for Rhineland spoke about, these were the spots in which people came and expressed their desires and needs,

(MRS. FORBES cont'd.)... whether it was for urban renewal and trying to understand what the plan was or whether they were wanting just housing, economic housing for rent, or what the condition was. These were the things that the Housing Corporation, together with CMHC and all others, were out at seminars discussing with them.

As I said, Brandon has at this particular time a committee which are trying to determine the type of housing program they would want and we are anticipating this year a request from them. Minnedosa, our Housing Corporation was out there, I believe May 3rd, just quite recently, and I think a report is on my desk right now of what took place at that meeting and the type of housing that they are attempting to have in their area. Neepawa has an application for a study to permit of building of housing. The Pas, and we think this is one area where this has top priority because we have our technical school there, and it's a different sort of housing need in this part. People who come in there will probably have to use housing for the time they are there. Maybe they will be employed in that area and still require the housing, or probably they may move on somewhere else. Selkirk has given indications that they want a housing program brought before them and their council have asked that the Housing Corporation be present - and maybe they've been there already, I think probably they were there about the 1st of May. Altona, as you know, have a very good program going there. They've had an urban renewal study and these people down here are thinking of a co-operative type of housing to be the answer to their problems in Altona. And of course we have in the north programs under way of study and what we will do towards housing at Gillam, and certainly I'll never forget the problem that we have and have to face at Churchill. So all of these we have attempted to do something about and attempted to meet with them and see what the needs of individual communities are.

The Honourable Member from Rhineland asked about the difference in interest rates. The interest rate, of course you know, is 9 1/4 percent from CMHC except in the area of limited dividend and it's very hard to interest builders to go into the limited dividend type of housing where the interest rate is lower, but this could be considered by a sponsoring group who are not there to make money out of it but rather to provide homes.

Now he gave us the benefit of what they are doing in B.C., their homeowner grants and this \$500.00 home acquisition. It's a one-time effort. All of these programs, I submit to you, are worthy of consideration and we thank members for suggestions because I think we have to look at every program that there is anywhere in our country to try and improve on what we have.

He mentioned also the Court of Revision, and of course I think that I must say here that if there were some 200 or more who applied, it certainly is because they are concerned of their taxes going up; and on the other hand, I am sure that every one got special attention. If there was relief for the mere handful he mentions, well probably this is where they were wrong and I'm glad to see that they attempted to remedy this, but in most cases if there was no change, well then apparently I think he too would have to admit that the assessment was probably right in that particular case.

It was rather interesting to note that the Member for Rhineland suggests to us that we should have assessments, and I think he's saying practically every year because land may go up in price this year, and he said because of the accessibility to borrowing funds it may be possible that the price of land is up because it sells very well. But he pointed out too that the price of land was down now in his area and the advisability then of course of having it assessed rightly, and this would be a nice situation if we could afford to have assessment every year.

But the Honourable Member for Turtle Mountain suggested yesterday that we let this go over a ten-year period, where he said we would have no difficulties then in knowing where we stood in assessment. So certainly it's a matter of opinion as to whether you should really have a program that lays static over a number of years, for instance five or ten years or whatever the case may be, but if you wanted to sell your land and it went up, well then you wouldn't want it to lay static. This is a question of how you approach this or what your thoughts are towards it. In one way you can see if it's a personal gain then I don't think you'd want it to stay and not fluctuate, and likewise if the price of it goes down, I think there's reason to think that the assessment should follow.

Now, he also mentions about taxes in arrears for one year and he thought that they should not be advertised. I'm not just so sure if — you mean advertised in the local papers and this sort of thing? I always think this is rather a — well, it's not a very good process, it's

(MRS. FORBES cont'd.)... humiliating to the farmer, and quite rightly if he can't sell his grain he can't pay his taxes. This is probably true, but on the other hand when he says that they would have to go to the bank and finance this, nevertheless you have to consider, do you think the municipality should finance the farmer? I don't think we're getting at the crux of the problem. The crux of the problem is not that should the municipality finance the farmer, why shouldn't he also finance the man in business and all the rest for their taxes? But the real crux of the problem is, let's get a proper price for our product and let's get a market for it.

Now on the Boundaries Commission, the suggestion that was made to me by the Honourable Member from Brokenhead that we -- not the Boundaries Commission, rather the group of people who sat here discussing the land which is close to the urban influence. He said that we had a committee that didn't have much power. This is quite true, and his suggestion that we maybe should have a committee formed, I'll give it serious consideration. I also think that we're all aware of what the problem is and I think we probably are coming closer to a solution to it. I'm very conscious of the cost that a committee might have, and the opposition are always reminding us of costs of committees running around the country, so although I think this is a real serious situation and there is no easy solution, as I said, but I will take that under consideration.

.... continued on next page.

MR. FROESE: I specifically asked for the matter of the formula that is in effect in between assessments, and in my opinion this formula doesn't work properly otherwise you wouldn't have these large discrepancies from one assessment to the next. When you have assessments increased by 100 percent or more from the time that one assessment takes place to the next, I think something is very wrong, otherwise the equalized assessment should have a gradual increase so that when the assessment comes round you would not have such a large difference. This, I think, is the crux of the thing, that we get the proper formula set up so that you will have a gradual increase on the equalized assessment. And this is what I would like to hear from the Minister on: What is the formula; how can we change it so that it will work properly.

MRS. FORBES: Well, Mr. Chairman, I think the ideal thing would be to have assessors around at regular intervals, and we did not have assessors in the field - and I frankly admit that - not sufficient in numbers to carry out this assessment on a regular basis. I think in my estimates I said hopefully that this will be done so that every area we would like to see reassessed every five years. When the formula was applied we certainly know that it was drastic in many cases and I agree that this created quite a problem, but hopefully the situation would be remedied if we have assessors in the field and the assessment is done in a municipality on a regular basis of not less than five years.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): ...the housing accommodation in Winnipeg and I have a proposal by which action could be taken to provide about 100 desperately needed housing units that we would not have unless this action was taken. This would be at no cost to the province, at no cost to the Federal Government and at no cost to the city; 100 housing units. Now how can we get 100 housing units without putting out money? Well, we can do that by stopping the present extension of the Lord Selkirk Park Renewal Project.

At present, the City of Winnipeg Housing and Urban Renewal Department is proceeding to buy about 100 properties in that area and to board them up and then to demolish them. Many of these buildings are good buildings. On Selkirk Avenue, for instance, there is a building that was built less than two years ago, a store and sausage factory, a large building. There is at the southeast corner of Selkirk and Aikins a doctor's building, very fine doctor's premises on the ground floor and living quarters above. And there are many other buildings that are good buildings, not new buildings but good houses, good commercial buildings, in the area that is now intended to be cleared. The three blocks to be cleared completely are bounded by, firstly by Selkirk and Flora and by Charles and Aikins - that's one block; and then there are two other adjoining blocks bounded by Flora and Dufferin and Aikins and Robinson; and another half a block on the north side of Dufferin and some other buildings in the area. There are duplexes, commercial buildings and houses.

Mr. Chairman, with the need for housing that we have today, the need for good housing, it is wicked, absolutely wicked for us to be destroying good homes when so many people are living in poorer housing accommodation. Now I went to a couple of meetings at the R. B. Russell School to try and find why they were clearing out these good buildings, not new buildings but good ones, and I found that the purpose of the clearance was that the city might build a health clinic in this area; there might be an elderly persons' housing project in the area; that they wanted deeper commercial properties along Salter Street for commercial purposes, and so in addition to the ones I mentioned they intend to take some houses down a little bit back of Salter Street; and fourthly, they wanted more room for recreation.

Now at the same time we have land left empty and cleared from the first project on the south side of Dufferin Avenue that can be very well used for recreation purposes; and we have just one block away the R. B. Russell School which, when it's cleared out, the grounds are cleared out, we will have school grounds around there that can be used for recreation purposes; and we have the fact that when the original plan was made, the planners thought that they were leaving enough room for recreation purposes because they were extending the land around the school at the northeast corner of the area and setting aside a portion for a park.

And then I thought perhaps I would get the report that led to this extension of the urban renewal project because this extension so differed from the original conception of the planners for the original project. They intended that only the portion that was originally cleared would be cleared and it would stop there, and in the areas surrounding there would be spot clearance. They would take out the dumps; they would take out the odd old building; and they would rehabilitate the building that wasn't so far gone that it should be demolished, that would be rehabilitated

(MR. COWAN cont'd) and we wouldn't have the expense of clearing out large areas of good buildings. And this is the quotation that I found in this Revised Scheme for Urban Area Renewal No. 1, dated May 15, 1967, prepared by the City of Winnipeg Department of Housing and Urban Renewal:

"The proposals contained in the original scheme for the two blocks comprising area A" - that is two blocks that are now to be cleared completely - "were based upon selected clearance and private redevelopment for residential purposes of those properties considered to be most seriously deteriorated. The remaining properties were to be privately rehabilitated. The same type of renewal action was contemplated under the original scheme for some of the adjoining blocks.

"Upon further deliberation, it has been concluded that this type of renewal action is not liable to be successful in the long run. Investigation of the private market has revealed that very few builders, if any, would be interested in acquiring the small spot clearance zones for purposes of speculative building.

"Further, it is considered that the construction of new dwellings on the spot clearance zones would preclude the possibility of comprehensive redevelopment of the blocks when the remaining housing has outlived its usefulness in fifteen to twenty years. It has therefore been concluded that no attempt should be made to combine spot clearance and rehabilitation measures within the same block.

"It has further been concluded that rather than dissipate acquisition and clearance efforts over several blocks, better results can be achieved by concentrating these efforts in one or two blocks thereby achieving comprehensive development."

In other words, we don't want to take out the odd dump here and there; we want to clear the whole block. That costs a lot of money and that takes away good housing which could otherwise be used by our citizens today who are occupying poor housing accommodation. The estimated cost of this Urban Renewal Extension No. 2 for acquisition and clearance is \$2,400,000. That is a lot of money and that includes some odd buildings which aren't just in this general area, but for all practical purposes it's mostly these areas.

Furthermore, in the original scheme they decided that in the buildings occupied by MacDonald's Sheet Metal and Roofing that the buildings would be left. They were commercial properties in one block. Now it's part of this renewal scheme that they will take down a building along the east side which is about 80 feet deep and one block long, and that will certainly cost the taxpayers a lot of money to take down that commercial building, and I'm sure a strip of land 80 feet deep isn't going to be of much use in any project.

And we have too the fact that there were other changes made with regard to the original plans, and who are we to go by? The people that gave us the first plan that was for spot clearance and rehabilitation of the dwellings, or are we to go by the second planners which want to clear out the whole block? And so they're going to be all cleared out. I drove down Robinson Street on Sunday, and already there is one duplex - stucco duplex, quite a good looking building with aluminum windows - windows boarded up to be demolished.

Surely this is a case where we can get pretty good housing and save the taxpayers quite a lot of money by stopping the demolitions that are going on here. The city would save money of course, firstly, in regards to demolition and the acquisition; the city would save money with regard to the staff they have. They now have a staff of about 17 in their urban renewal department. We would save the construction of new homes which we might find necessary because these old ones are destroyed.

And what is very very important I think is this, that if the city are so far advanced that they've got to go ahead and buy these buildings, well let's not demolish them but let us rent them to some of these people who need housing. We would have a lot happier people in these houses than in the row-type houses that have been constructed in the adjoining 328 unit project. They would have houses like you and I. They would have houses that wouldn't be set aside as being in a subsidized housing project. They would have their own backyard and their own front yard and they would have more privacy and more dignity than they will have if they moved into this 328 unit adjoining project. And we would have happier people as well.

And so, Mr. Chairman, I say this is the way that we can have about 100 more housing units in Winnipeg at no cost to this government or the Federal Government or the city, and in addition, the city benefits because of the fact that it will collect revenues from these buildings. I guess they'd collect 30 or 40 thousand a year, maybe more, over a large number of years,

(MR. COWAN cont'd) which revenue will be lost if the buildings are demolished. And because members might like to go and see these buildings over the weekend, I've got a few copies of the scheme which shows very clearly what buildings are to come down, and they are on the inside page in the areas shown red. You can drive along quite easily and see these good buildings, many of them good buildings, to be demolished. Some are dumps, they should come down, but there are not very many of them. Many of them are like houses that you and I live in and many other tax-paying citizens.

MR. DOUGLAS CAMPBELL (Lakeside): Has this program that he is speaking of, is it shared by the province and the federal organization?

MR. COWAN: Yes.

MR. CAMPBELL: A supplementary question, Mr. Chairman. Has it been approved by both the province and the federal organization?

MR. COWAN: Yes.

MR. USKIW: Mr. Chairman, I was not at all happy with the answer that I received from the Minister of Municipal Affairs with respect to the problems I outlined to the House earlier this morning. The question of giving consideration to a problem that has been before us for some time is not something — or that type of answer is not something that I think is timely at this stage of the game. The Minister mentioned that she is getting closer to the problem and that she is coming to some solution. I don't know what she implied because she hasn't indicated to the House just what solution she has arrived at, and I just can't accept the fact that the Minister will indicate to us that we simply are going to keep it under advisement for some period of time. Surely the Minister can take a more positive position. If at all, she should indicate to us when she will have the answer or when she will have fully considered the problem, whether it will be during this session or whether it will not. I think I should expect a bit more than that type of an answer, Mr. Chairman.

MRS. FORBES: Mr. Chairman, this is a policy decision and I'll be announcing it in due course.

MR. MOLGAT: Mr. Chairman, it seems to me that the Member for Winnipeg Centre is bringing up some points on which we should hear from the Minister should we not, because he is recommending something, I gather, different from what is going on. Now what is the situation? Has the Minister looked into this? Has she a statement to make in this regard?

MRS. FORBES: . . . the municipality, the City of Winnipeg, and the City of Winnipeg have their committee which recommends what they would like to do in an area. This is a partnership, as we said, for urban renewal where CMHC and the province must give their permission to do or not to do. The balance of course — I mean the program, I should say, is presented entirely by Winnipeg. In every case there is a committee which sits, a liaison committee between the three participating groups in the partnership, and they come away from there and they recommend what should be done.

Now this has been seriously questioned and thought about. One of the reasons that we think about it in real terms is that we would like to see great co-operation between the city and CMHC and the province, which they are getting, but we also need that co-operation between the entire portion of Metropolitan Winnipeg, because very definitely we have a case here where maybe what they are planning in one area doesn't really fit into the entire scheme for the whole Metro area, and we find that there are consultants who are giving opinions, and hired to give these opinions to one area, in this particular case namely the City of Winnipeg, and consultants from the Metro area which takes the picture under their consideration too, and so we think that there should be really closer co-operation in here which would probably help solve some of the problems, not the specific problem that the Member for Winnipeg Centre is mentioning. To date, so far the attitude has been taken, as I understand it, that you are putting sometimes good money into an older building which probably doesn't give the best results in the long run, and in many cases they have thought that when these buildings are taken down or moved away, that it makes space for a larger unit.

Now, there are several points here to be considered, and so far our housing committee — our housing corporation has agreed with what Winnipeg wants to do in this particular area. I think that the Member for Winnipeg Centre has presented his thoughts before, and I think his points are well taken and that we should give serious consideration as to whether the Urban Renewal Committee from Winnipeg are recommending to this joint committee the best procedure. I'm very much concerned that public money — it's all the same money really, whether

(MRS. FORBES cont'd) it be the money spent by the Urban Renewal Committee in the Winnipeg area, the province, or from the Dominion as a whole - should really be carrying out this type of a program. — (Interjection) — the liaison committee that sits - yes, we have representatives on it from the Housing Corporation now. -- (Interjection) -- Any of the plans to date that Winnipeg are going ahead with have received approval from the province and from CMHC. — (Interjection) -- I think there's a real area here and I don't mind you taking issue with it because I have raised the same points in talking to my committee who are sitting on my behalf with the rest of the group, the same points that the honourable member has suggested.

I'm not in complete disagreement with what the committee says because sometimes it is in the best interest of the project. You have to see each individual case for yourself to decide on whether it should be removed in the interest of the larger project that is going, otherwise if you wanted to build a project - I'm sure you understand what I'm trying to say and I'm saying it very badly, Sir - but if there is a project going on a certain part of land and there are a few buildings which are good along there, if you left them, then you couldn't build your project, or it would be an odd shape or a haphazard design. And so sometimes in achieving the larger project you are forced to demolish some buildings which probably should not be. I think that in most cases these are moved, but the whole problem that the Member for Winnipeg Centre has brought to mind, I think is one and one I tried to give in my estimates; I think we should take a good hard look at this. I wonder whether we should be building large areas of housing like this such as Winnipeg has been doing - and I'm not being too critical of it, I compliment Winnipeg again because it was a step in the right direction - but I still wonder if we should not give consideration to letting people choose where they might want to live. There is an area here that I'm not real happy with.

MR. MOLGAT: . . . what's been done and what the Member for Winnipeg Centre is proposing is something different from what has been approved and what is being done. I'm trying to establish exactly where we stand in this because it seems to me that my honourable friend had a proposal, and while we can't be all sure of the technical aspects of it, if he says 100 more houses can be built at no extra cost, then obviously this committee and everyone involved must be very concerned about the proposition that he has. The Minister apparently does not agree that that can be done.

MR. MILLER: Mr. Chairman, I wasn't going to get into this because I felt this is something the Minister herself should be answering. The Member for Winnipeg Centre poses what appears to be a very simple solution to a grievous problem. It isn't quite that simple.

The CMHC, which is an arm of the Federal Government, has also approved this project. They too, it would appear, agree that this is the way to do it. So to simply say the province has failed to be a proper watchdog is being somewhat unfair, and although I'm not inclined to defend the Provincial Government, I have to say in all honesty that this is a three-way partnership: the municipality, the province and the Federal Government. I would suggest to the honourable members of this House that it's very easy to get up and say "We can find a 100 homes, simply by salvaging 100 units somewhere in this area". The people who do the investigating I can assure you are not scrapping these homes simply for the sake of scrapping them. I think they have been tied somewhat by the limitations within the various Acts under which they're acting. And unfortunately there was an idea prevalent and it still is to some extent, that one must clear the area completely - bulldoze everything and start from scratch. I'm very happy that they're moving away from this. The Manitoba Housing and Renewal Corporation Act that we passed last year was supposed to be the beginning of the end to this kind of policy, and that's why I was critical of the Minister when I arose to speak. Because although we have an Act which will now make it possible for spot renewal, for spot rehabilitation, we're not using it - and that's the point. We are still functioning as if we were under the old Urban Renewal Act, which pretty well limited renewal to a bulldozing operation.

Now in other cities and in other jurisdictions they are removing certain houses which are considered no longer liveable for use and they are saving - and in many cases rebuilding homes that are basically sound but have to be rebuilt. This certainly is a much better way of doing it. Because I think it answers the question which the Minister posed earlier in her estimates and which has been voiced by the Member for Rhineland and the Member for Winnipeg Centre, that we shouldn't simply be forcing people to live in a certain public renewal or urban renewal project. Not everyone wants to live there. I can't accept the proposition that everyone who lives there is unhappy. The fact is, that in the City of Toronto this has proven

(MR. MILLER cont'd) otherwise. That fact is that in Burrows-Keewatin area - there was an original problem but today the Burrows-Keewatin area is an area in which people are proud to live, maintain their properties and the predictions of gloom and doom that this was going to become a shambles just hasn't materialized. The people in the area have learned to respect the homes in which they live and if you go through Burrows-Keewatin area some of you may be surprised that after the number of years it's been in existence, it's a very nice area. It's as nice as the Co-op area, Co-op Housing which is just a few hundred feet away from them.

Now certainly there has to be and there should be more spot clearance, but in order to achieve that, then this government has to assume the leadership and must accept the basic principles of the Housing Renewal Act which they passed last year. And that is to make housing available for people on low incomes, subsidized housing in individual units throughout Manitoba. It doesn't have to be through an urban renewal scheme, it can be part of an urban renewal scheme. Homes must be purchased by the government agency or - and this was thrown out by the Minister and I'll gladly pick that up - private builders who have the - all of them are ready willing and able to build homes. Private builders if they can be induced to build can build their homes and let us make available, let the government make available to these people in this low income, let them make available to these people the necessary dollars between the amount they can pay and the rent that has to be charged. This is really the idea behind all of this subsidized housing. So that if a home is available in any part of town that home can be taken over or can be earmarked as a unit which will come under the public housing authority, people can move in there and although the rate may be, or the rent may be \$90 or 100.00 a month, if their income is under a certain level - I think it's \$4,300 or whatever it is - that they would pay a ratio towards that rent. The neighbours don't know who is paying the rent, the neighbours don't have to know who is paying the rent. These people can live there. This can be done in public housing, it can be done in private housing but the Member for Winnipeg Centre, who did make this remark, he said "They are clearing homes and the private builders will not build in these pockets that are created". And it's true, the average private builder will not come into an area where homes are removed in a specific block, and there may be eight or nine empty lots around. They're not going to build because the only way they can build today is for the public market. And we know what the housing market is today. If you haven't got an income of \$8,100 you don't qualify for an NHA loan anymore. People are not going to build in those areas and so the private builder stays away from them - and I don't blame them. But if the private builder knew that if he built a housing unit and that housing unit could be made available to people who needed public housing and would get subsidization towards their rent to live in these houses, then maybe the private builders would build. And I'm not one of those who says that it has to be all public housing. I don't think that the answer lies in private housing because it's obvious that we wouldn't be in this bind today if private housing had been able to meet the challenge. They can't and they won't. They're businessmen, they have to see where there's a profit to be made and if there's no profit to be made they're not going to build. I'm not critical of them, this is business, and this is how they must operate if they're going to continue to survive in business. But surely there can be a mix, and I suggest to the Minister that she look seriously at this type of mix. That (a): Either the public housing authority build these units, that if they can induce private builders to build it and the private builders know that the public housing authority will recognize these units and will permit these units to be rented through subsidized rentals then I think the private builders will get into it. They'll have every reason to get into it because they know they're not going to be stuck with a unit that they can't sell or rent because the rents are too high for the area in which the unit is built, and which people can't afford to pay. These are the only comments I want to make at this time, on this matter. I will speak on it later, but there's one item I would like to refer to.

The Minister answered me and suggested that in my earlier remarks she couldn't accept that I had said the government hadn't done anything for the municipalities. She missed the point entirely, Mr. Chairman. We don't want the government to do anything for the municipalities, just let them get out of the municipal backyard and stop using the municipal property tax which is supposedly for municipalities being able to fulfill their function. We keep hearing about, they've increased this cost sharing program, education and health and welfare. These are the areas which everyone agrees are responsibilities of the province. They're not

(MR. MILLER cont'd) responsibilities of the municipalities and the fact that they've increased their share of it doesn't mean a thing. The municipalities still have to go to the property tax to pay for these services. Now the municipalities are administrative units. They're administrative units, administering on behalf of the province and that's all. They're administering on behalf of the province certain responsibilities which are basic to a municipality functioning. Streets, roads within a municipality, police and fire protection, roads, so on and so forth, these are basically municipalities, this is the things that are required in a municipality.

Health and education and welfare are not municipal responsibilities. They never were. These are basic responsibilities. Our government goes to Ottawa and claims that since its responsibility is education they want to retain that as a provincial responsibility. If they want to they cannot then foist that responsibility onto the municipalities, and that's what they're doing. So when they say to me that they've increased their education contributions to the municipalities that's nonsense. What's being done is this: the municipalities are contributing towards the provincial responsibility; it's the other way around. The municipalities are contributing through property tax towards health contributions, towards welfare contributions, towards areas of responsibility that are not municipal, shouldn't be municipal and are provincial responsibilities from beginning to end. The municipalities are creatures created by this province simply to administer on a local level, administer problems, administer functions which are unique and should be paid for by the property. But that's all. Beyond that these are provincial responsibilities and when the Minister suggests to me that I'm not being fair and that I should agree that the government has helped, I say to her that the government has helped only to make the situation more difficult for the municipalities.

Get out of these services which are common to people and are not the responsibility of the municipality. Assume the responsibilities as a provincial government and then the municipalities can function as viable units which can function with strength, which can administer, if the problem so desires, because it makes more sense to decentralize, and this is a form of decentralization. So let the municipalities administer on behalf of the province, but don't let's hear about how magnanimous this province is in that it's helping the municipalities. The municipalities are helping the province and the sooner we come to realize that I think the more clearly we'll understand this whole problem today of assessment and other problems that are facing municipalities.

MR. NELSON SHOEMAKER: This does change the subject slightly but it may be a rest for some of the members. All of it is vital there's no doubt about that. But what is the basis for charging the rural municipalities for the assessing that is done by the Provincial Government in their particular municipalities? What's the basis? Is it on the equalized assessment or how is it arrived at?

I noticed that recently when a panel of four or five municipal men appeared - I don't know whether it was on TV or radio or both - a statement was made by, I think it was the Secretary-Treasurer of the City of Portage la Prairie where I believe they do their own assessing, and I believe that this holds true for certain areas in the province, but the City of Portage la Prairie claimed that they had a full-time assessor that assessed properties in Portage. They paid him \$8,000 and in addition to fulfilling his duties as assessor, he did a lot of other odd jobs around. They claim that if they had the same work done by the provincial assessors, it would cost them in the neighbourhood of \$22,000, and I suppose that this statement was made because of using an equalized assessment figure.

The same article says that the Rural Municipality of Portage la Prairie pays \$20,946 for their provincial assessor, on an equalized assessment of \$16 million; and I see Stonewall with an equalized assessment of a little over two million pays \$2,630. So what he is saying is that in the City of Portage la Prairie where they have 17 million they're doing all their assessing for 8,000 whereas if they hired a provincial assessor it would cost them just about three times that much money. The question of course is, is this a fact or is it not a fact?

They also say in this article that it costs the provincial government about \$62,000 a year to keep an assessor in the field. Now I don't know how he has arrived at this, whether or not he has taken the figure or a figure and divided it by the number of provincial assessors, but it strikes me that if there is any figment of truth in the story here that we should give some thought to allowing the municipalities to do their own assessing; if they can do it for a third the cost then wherein lies the problem?

MRS. FORBES: I do not know whether the figures you have there are facts or not and I'm not able to comment on it right at this moment but I will comment on it, I will find out.

MR. SHOEMAKER: ... basis on which the rural municipality, or the towns as a matter of fact, are billed for the assessing done by the provincial assessors. Is it based on a balanced assessment, so much per million dollars of balanced assessment or how is it arrived at?

MRS. FORBES: ... give you this information later.

MR. STEVE PATRICK (Assiniboia): Mr. Chairman, a considerable amount of debate has already taken place on housing and urban renewal and I just want to say a few words at this time. I know the housing prices has been receiving much publicity recently and it'll probably continue for a long time to come because the present situation is not improving, it's getting worse. I believe that since we passed the housing bill last year, I'm just not sure what accomplishments and what action we have taken and what we have done to this time. I know some of the other provinces, and particularly Ontario, has really done a great deal as a matter of housing for low income people. One of the biggest things is to land a family, that they're doing, either by selling the land outright to the people themselves, they can build the house themselves or they can lease the lot anywhere from \$40.00 a month to the people. I think this is an area where we have to be looking to in the City of Winnipeg because certainly as has been already said there's only about 20 percent of the people that can at the present time qualify and be able to buy a home under the present CMHC ceiling to be able to qualify for a mortgage.

Now I know what the Honourable Minister has said about the two renewal programs, the Lord Selkirk Park and Keewatin-Burrows which has been now developed a few years ago, but I don't think it's necessary at all times that when we do completely clear off an area that the whole area has to be developed into all public low rental housing. I think a scheme that we should be looking to is to one that they have now in some of the other provinces where some of these lots could be sold or leased to the people that wish to build in the same area or have a new home built and I think it would be a much better development instead of clearing off the whole site and developing the whole area into strictly a low rental area, because the most recent announcement by the City of Winnipeg, their renewal scheme which is going to take a very large area, almost from down town to Sherbrook Street, certainly I can't see that area being developed into - either all of it into high rise or all row type low rental housing. I think that it should be integrated where the people that live in that area now and wish to build new houses and own these houses outright, I think this should be made possible as well.

Mr. Chairman, according to the Metro Planning Director in his latest report I understand that he indicated there were some 5,000 homes in Winnipeg right now that are not fit to live in and they should be demolished and that we had to provide new units for these people. I think it's a very large number at the present time. We are really reaching a very serious situation as far as housing is concerned and a good indication is in the last five years continually there was a decrease in housing starts in the Metropolitan area of Winnipeg - from '64 where we had 2,182 starts and it has continually decreased to last year we only had 1,298 new starts in the Metropolitan area. You may say then we must have increased the multiple units but even in the multiple units as well we have continually decreased and where in 1964 we built 2,013 multiple units, last year we only had 1,600. So it seems that we're not keeping up pace on what the Economic Council of Canada that has warned all the provinces there's going to be a serious situation developed if we do not do something and if the starts do not increase that we will not be able to reach anywhere near the 200,000 starts by 1970 that we have to supply the people that need homes.

So I don't feel that the bill that was introduced to this House is adequate enough. I think that we have to do much more and to have a look at this situation, what could be done. We have to think of the land bank. I think it's time that we looked at it pretty closely and see if we can assist municipalities to be able to buy the land in certain municipalities and to develop it and be able - or put the services in and sell the land to the people and the prospective home owners, because at the present time the land is being speculated to a great extent and by the time the home owner has to buy it I think it is almost completely out of reach with the exception of a very small percentage of people that can afford to buy. I think that this is the area that we have to look into. I know that it has worked quite successfully in the Province of Ontario and I think that this is an area that we have to be giving real serious consideration, because even today if we look at rentals, real old houses with no basements only a couple of years ago that used to rent for \$65.00, today these same houses are renting in the neighborhood of \$100, \$115 to \$120.

(MR. PATRICK cont'd) I'd say in the last two years the rent has gone up considerably and I think that we have to look and try to give very serious consideration to land assembly and try and be of more assistance to the people and to the present housing situation in Winnipeg.

That's all I wish to say at this time, Mr. Chairman, because I do have a resolution as far as housing is concerned on the Order Paper and I wish to make more points on it at that time.

MRS. FORBES: Mr. Chairman, I do want to say that I am sympathetic to the Land Assembly Program. I think it is good and I think we should give real consideration to it as to whether we can sell it back as service land or the program should be leasing or what have you, but I do know that we have to count our dollars and see how much we can put into this program and how much is needed elsewhere. But I thank you for the suggestion, it is good.

I would like to say to the Honourable Member for Gladstone that I have the answer now. The cost of assessment is charged to the municipality on the basis of equalized assessment and this includes the cost of providing periodic re-assessment, maintaining the assessment on an annual basis and the preparation of the assessment rolls. Before I sit down I'd like to mention to the Honourable Member for Assiniboia that if he will look back when municipalities were really created in the history of this province and so on, there's a real list here of the things that the municipalities were responsible for and among them there are some 28-odd and it's real interesting reading. Two of the sections here were the relief of the poor and the preservation of public health, and certainly you know that they were responsible in the years gone by for Health and Welfare and being responsibilities of the municipalities proved very costly and gradually the province has increased their assistance to them financially over the years to relieve them of this. Now I don't think I missed your point but I was trying also to make our point that we have very definitely attempted to assist municipalities throughout the years.

MR. SHOEMAKER: Could my honourable friend tell me the rate -- my honourable friend has said that the municipalities and towns are charged on the basis of balanced assessment, but what is the rate? The point that I was trying to make, that if it is possible for the City of Portage la Prairie for instance to do all of their assessing for \$8,000 with their own assessor and if they hired a provincial assessor it would cost them three times this, then it's understandable that the City of Portage la Prairie would not want to enter into an agreement with the Government to have their assessing done; and if it's good for Portage la Prairie then it must be good for all of the province, this is the point I'm trying to make or asking questions. I must confess that I am relying completely on figures that have been supplied to me, but if it is possible for local people to do their assessing for one-third of the cost levied by the province then should we encourage the cities and towns to do their own assessing? Is it not a fact that the City of Winnipeg do all of their own assessing? And another question -- or Metro or both -- Metro. Do they all use the same factors in establishing the assessed value, that is, does the assessor in Portage la Prairie use the same factors as the provincial assessors? -- (Interjection) -- They don't? I see my honourable friend the Minister of Highways, the Acting Minister of Highways shaking his head in the negative and he should know I suppose something about assessing because there's a lot of it to be done on farm lands. I think it is a question that should be pursued because gee whiz everybody's interested in saving money and the very fact that Portage apparently are doing it, well they must be satisfied with the job that is being done by their own men, particularly, if it's only costing them a third of the money.

MR. FROESE: On this very point, I remember when we discussed the revenue estimates that there is an item here under the Urban Development and Municipal Affairs of \$1,108,000 of revenue coming in. At that time we were informed that about three quarters of that was paid in by the municipalities and the cities for assessing and that's a large amount, and if the savings can be made as the Member for Gladstone has pointed out that when cities or municipalities can have their assessment done locally for a third of the cost, certainly this is a matter that should be looked into in a much greater way and whether we cannot effect savings and change the program. Certainly when we have assessors employed by the department they're given instructions as to how they're supposed to assess, on what basis, and this could no doubt also be done to the people that are employed by the smaller cities or municipalities. There could be a number of municipalities get together and engage an assessor, the same instructions could apply, and if savings can be made in this way by all means let's have them.

MR. CAMPBELL: Mr. Chairman, I'm sure that the answer to this question that has been asked is undoubtedly on the way - in fact here it comes in the door now - about this matter

(MR. CAMPBELL cont'd) of assessment because there must be a better answer than the one that's . . . now. Yes, the answer has arrived so the Honourable Minister can give it. It must be, I think . . . Before my honourable friend gives the advice that has been received from above . . . I will get -- it must be that the provincial assessment carried over for a period of time because I can assure you, Mr. Chairman, the the Council of the rural municipality is composed of businesslike people and they're in constant communication with the officials of the City of Portage la Prairie and this discrepancy would not be allowed to exist too long I'm sure. So I think the answer that my honourable friend the Minister has now received is that there is a compensating factor in that the Portage la Prairie assessor is paid a yearly salary and the one that is paid by the rural municipality carries over for at least some longer time.

MRS. FORBES: Mr. Chairman, the City of Portage la Prairie pays \$8,000 for annual maintenance only. That \$8,000 is for annual maintenance only. This does not provide for the periodic reassessment nor does it provide for the cost of assessment rolls. The city has in the past contracted for periodic reassessment for a considerable additional cost that you have not read out in what you have given to us there.

It's quite possible for local areas to do the assessment in their areas for much less than the provincial assessor does it, Mr. Chairman, but the fact is how was this really being done in the province prior to 1947. And really I think if the members go back and consider what assessment problems the province had at that time they will realize that it was for this reason that the municipalities did ask the province to undertake the assessment program. They asked them to do that particularly so that there would be equity in taxation in the Province of Manitoba.

MR. CHAIRMAN: (b) -- passed, (c) -- passed . . .

MR. SHOEMAKER: . . . the letter, when I continue to read it, or this is exactly what was said on the panel. It infers that the balanced assessment for the City of Portage la Prairie is 17 million, the rural is 16 million. So they're just about the same. He says that the rural pays \$20,946 on an equalized assessment for the 16 million, and he infers that this is an annual charge. Now it may include the making up of the rolls and all this, but he also infers that by hiring a local man to do their assessing there is a saving, a direct saving, annually, of some \$12,000 or \$13,000, and probably my honourable friend would undertake to recheck this and advise us at a little later date, because it is quite evident, I think, Mr. Chairman, that we are not going to get off the estimates of my honourable friend in the next six minutes. So perhaps, perhaps, my honourable friend would go into this in a little more detail. Then I still asked the question whether or not they use the same factors in arriving at the assessment. That is the locally hired assessors, do they use exactly the same factor in arriving at an assessed value as the provincial assessors. I would be interested to know, that if they don't then what is the difference in this respect?

MR. CHAIRMAN: (b) -- passed

MR. EDWARD I. DOW (Turtle Mountain): Mr. Chairman . . . the question of payment of assessors, I raised the question yesterday. I have to agree with the Minister in regards to uniformity of assessment throughout the province, but the one thing that I haven't had the answer is why, up until I think it was either two or three years ago, that municipalities were charged 50 percent of the cost of assessment. This seemed to be a reasonable annual charge because it carried through from the period of time that they did their full assessment and the same charge went through from one year to another and the assessors brought the rolls up to date and so on; and at the time if you took that particular year of 50 percent of the cost you would say that would be fairly high. But when you realized the fact that over, say a five-year period, then the total cost came into line with what you would have an assessment on and you had the services of the assessors doing this work in the interval. But when you went to the 100 percent or doubled the levy then it does become a very high figure for municipalities. And I would like the Minister to try if she could explain why the total cost was loaded on . municipalities.

MRS. FORBES: The method of charging for assessment was a policy decision made by the government.

MR. SHOEMAKER: . . . honourable friend though understands what the Member for Turtle Mountain is trying to establish. Does my honourable friend the Attorney-General understand this, that if a municipality this year is assessed at \$1 million and it's reassessed next year for \$2 million, is the municipality charged twice as much for the services of an assessor?

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(MR. SHOEMAKER cont'd) That's the point we're trying to make. And if it is so, it's ridiculous. It's absolutely ridiculous. We want an answer for that. Pardon? --(Interjection)-- I don't care if the plan has been in effect for 40 years. If the principle's wrong, it's wrong. It certainly doesn't cost any more money to hire an assessor. If I go out to a fellow's farm to assess what I estimate to be the real value of it, if it's \$100,000 it probably doesn't take any longer than if it's \$50,000 and the charge should not be double. This is what we're asking.

MR. CHAIRMAN: (c) -- passed, (d) -- passed.

MR. FROESE: . . . because the municipalities in my riding had increases of assessment of 100 percent or more and is the charge doubled as a result?

MR. LYON: . . . leave this very important item but there is another item under which you can . . .

MR. MOLGAT: The Minister intends to . . . at that time does she? --(Interjection) --

MR. CHAIRMAN: Resolution 108 -- passed.

MR. MOLGAT: Mr. Chairman, I think we have to have an understanding here. I realize before the Orders of the Day if a Minister doesn't want to reply a Minister doesn't need to reply. But surely when we're on estimates if a question is asked and it's a direct question then the members of the Committee are entitled to have a reply.

MRS. FORBES: . . . the costs is one of the recommendations this House knows came to us from the Michener Commission. But let me repeat what I said to the Member for Gladstone that there is in Portage la Prairie \$8,000 paid for the annual maintenance only. And I did say to him that the city has in the past contracted for periodic reassessment for considerable additional cost.

MR. SHOEMAKER: I'm reasonably satisfied with that answer because I can check it out with the City of Portage la Prairie. The one that I'm not satisfied with is this: that if -- we'll take any rural municipality -- if it was assessed two years ago at a balanced assessment of \$2 million and is reassessed this year and the total balanced assessment is \$4 million, is the same charge made for assessing by the government. Is there any differential by virtue of the fact that the assessment doubled? And I think my honourable friend, living as she . . . --(Interjection) --

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker the Committee of Supply has considered a certain Resolution, directed me to report progress and asks leave to sit again.

IN SESSION

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I beg to move, seconded by the Honourable Member for Springfield, the report of the Committee be received.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. LYON: . . . advise we will be operating from the same Order Paper. There will not be a new Order Paper prepared according to advice I have received from the Clerk.

I move, seconded by the Honourable the Provincial Treasurer . . .

MR. PAULLEY: Mr. Speaker . . . same Order Paper. It starts from the beginning and not continues from this period. We start over with the routine orders and then go into private members' resolutions. Is that right?

MR. LYON: . . . every Friday afternoon, yes. I move, seconded by the Honourable Provincial Treasurer the House do now adjourn.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Friday afternoon.