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of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31 Elizabeth II

Chairman
Mr. A. Anstett
Constituency of Springfield



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

| Name | Constituency | Party |
|--------------------------------------|--------------------|-------|
| ADAM, Hon. A.R. (Pete) | Ste. Rose | NDP |
| ANSTETT, Andy | Springfield | NDP |
| ASHTON, Steve | Thompson | NDP |
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| BLAKE, David R. (Dave) | Minnedosa | PC |
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Wednesday, 26 January, 1983

TIME — 10:00 a.m.

LOCATION — The Pas, Manitoba

CHAIRMAN — Mr. Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam, Bucklaschuk, Kostyra and Plohman Messrs. Anstett, Ashton, Banman, Blake, Carroll, Driedger and Gourlay

APPEARING: Mr. Gerry Forrest, Deputy Minister, Department of Municipal Affairs

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

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

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

WITNESSES: Mr. Jack McIntosh, Reeve, Rural Municipality of Minitonas Mayor MacLean and Deputy Mayor A. De Groot, City of Thompson

Mr. J.P. Bodnar, Reeve, LGD of Consol

Mr. Tony Moule and Mr. Chris Sunde, the Town of The Pas

Mr. Harold Ellingson, Reeve, Rural Municipality of Swan River

Mr. Ken Jenkins, Town of Snow Lake

MATTERS UNDER DISCUSSION:

Report of the Manitoba Assessment Review Committee (MARC.- Weir Report)

* * * *

MR. CHAIRMAN: Committee, please come to order. Gentlemen, we have a quorum. Ladies and Gentlemen, I'd like to welcome you to the third public meeting of the Standing Committee on Municipal Affairs to hear representations with regard to the Weir Committee Report on Municipal Assessment.

Before we proceed to hear public presentations and the staff presentations that are going to be made today, I'd like to take this opportunity to apologize for our late start. We got in a little late by airplane and had to allow all this electronic equipment some time to warm up. That's why we're starting a little late, my apologies.

I'd like to introduce the members of the committee. On my immediate left, the Honourable Pete Adam, Minister of Municipal Affairs and Member for Ste. Rose; beside him is Deputy Minister Gerry Forrest, whom Pete will be introducing later; next Steve Ashton, the Member for Thompson; John Plohman, Minister of

Government Services and Member for Dauphin; Eugene Kostyra, Minister of Urban Affairs and Member for Seven Oaks in Winnipeg; beside Eugene, John Bucklaschuk, Minister of Consumer Affairs and Member for Gimli; beside John, your local Member here in The Pas, Harry Harapiak.

Starting at the other side of the table, the Member for Swan River, Doug Gourlay; beside Doug, Dave Blake from Minnedosa; next is Henry Carroll from Brandon West; then Bob Banman from La Verendrye; and last, but not least, Albert Driedger, the Member for Emerson.

My name is Andy Anstett and I'm Chairman of the Committee and the Member for Springfield.

The authority of this committee to hold public meetings is vested in a resolution passed at the last Session of the Legislature. So that you're familiar with the terms of reference of the committee, I'll read that resolution.

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

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

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

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

I would now like to call on the Minister of Municipal Affairs to introduce his staff, give you a brief summary of the process through which the government has dealt with the Weir Report, the Manitoba Assessment Review Committee Report, and then we'll have some short staff presentations followed by a question and answer period. Mr. Adam.

HON. A. ADAM: Thank you very much, Mr. Chairman.

Members of the Committee, Mr. Harapiak from The Pas, Ladies and Gentlemen, in April of this year I was pleased to receive the final report of the Manitoba Assessment Review Committee. This committee chaired by Mr. Walter Weir was appointed by Order-in-Council on July 25, 1979.

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

In my opinion, two categories of action are required before decisions can be made regarding the implementations of any of the Assessment Committee's recommendations.

First of all, there has to be an evaluation of the impact on the property owner of any major changes proposed in the assessment system. Accordingly, upon receipt of the report, I immediately instructed my staff to determine a method of testing the impact of the major recommendations and to report their findings to myself as soon as possible.

At the same time, I approached my Cabinet colleagues and requested that they name a staff individual to join with a representative of my department on an interdepartmental task force to ensure that our evaluation of the assessment recommendations included the expertise from all affected government agencies.

In this latter regard, I might mention, in particular, the obvious connection that must exist between the review of education financing that is being carried out with the Department of Education and our own evaluation of the assessment system upon which much of education financing is based.

I believe we are now at a point in time where our first course of action, that of the technical evaluation of the impact of the recommendations, has reached a stage where we can commence the second course of action - that of public consultation.

I recently forwarded to all municipalities and school divisions and to all those individuals, who had made submissions to the Assessment Review Committee, a copy of a staff document providing a statistical analysis of the impact of implementing several of the major Review Committee's recommendations, and that is the green paper that we have mailed out. This is the analysis that was made by staff. We have additional copies that are available for any of you that wish to have a copy back at the far table to my right.

Some time ago I promised that I would be asking my fellow members of the Municipal Affairs Committee of the Legislature to take part in public meetings where we could receive your opinions on the assessment report, that is, the Weir recommendations.

I am looking forward to hearing your views today and to reading your submissions on the report of the Manitoba Assessment Review Committee. I can assure you that your views will be given serious consideration and, as our research continues, we will continue to welcome further advice on the subject.

I want to depart from my text to say that we're not here to condemn the report or to praise it. We are here to have your submissions and to try and exchange information on some of the recommendations and, of course, also the staff will be explaining the methodology of the green paper.

There are two distinct functions in the assessment field. One is the assessment side of the question and the other is taxation of property and they are two distinct functions. They are closely interrelated, but they have to be kept separate. Our terms of reference - this committee's terms of reference - is to deal with assessment only. We cannot deal with taxation and mill rates and so on. That is a separate function; that is done after the assessment is done on properties - that is one function. Then another group takes over to assess the tax, the mill rate, and so on, on property. So this committee does not have the terms of reference to deal with that side of the question of assessments.

Before I turn it back to you, Mr. Chairman, I would like to introduce some of my staff. Gerry Forrest, my

Deputy Minister; Mr. Jake Reimer, who is on the far side, he is the Provincial Assessor; and Mr. Bob Brown at the centre is the Co-ordinator of Research that produced this green analysis paper. Also, I am pleased to introduce to you, Mr. Bob Clarkson. Mr. Clarkson served as Secretary to the Manitoba Assessment Review Committee and is here today as a representative of that committee.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Adam.

Mr. Adam has arranged with his staff for a presentation on the Manitoba Assessment Review Committee Report and on the Statistical Analysis of the report. Both presentations will be short. They're designed to give an overview, after which we'll have a question and answer period, so that any of the factual material in either documents, the Weir Report or the Statistical Analysis of the report, can be brought out if there are any questions.

So now I'd like to call on Mr. Bob Clarkson, former Secretary of the MARC Committee and intimately involved with that report to give you a brief overview then of the Weir Committee Report.

Mr. Clarkson.

MR. B. CLARKSON: Thank you, Mr. Chairman, Members of the Committee, and Ladies and Gentlemen.

The report of the Assessment Review Committee - "A Fair Way to Share." First, I would like to describe briefly the terms of reference which provided the mandate for the activities of the Assessment Review Committee.

The committee was directed to inquire into and report on all aspects of real property assessment in Manitoba, including the level at which real property should be assessed in Manitoba, the question of exemptions in real property assessment, the administrative organization for carrying out real property assessment, such other matters that may be referred to the Commissioners by the Lieutenant-Governor-in-Council, and the question of personal property assessment in Manitoba.

I, like the Minister, wish to emphasize that the task assigned to the committee did not include any mention of taxes. The committee's task was not to find new sources of tax revenues or to comment on the appropriateness of existing taxes or tax levels, but rather to recommend an assessment base which could be used in an appropriate manner to share and collect the taxes required.

Initial research and activities of the Assessment Review Committee were undertaken to accomplish two things: first, to analyze the existing assessment levels, existing legislation, and the results that would occur if the assessment was brought up-to-date in accordance with existing legislative requirements. This analysis showed that an updating of the assessment would result in dramatic shifts in the share of total assessment that various types of property would carry and would therefore result in significant changes in tax distribution. Updating the assessment in the province in accordance with existing legislation would result in a 63 percent increase in taxes paid by the farm category, a 5.6 percent increase for single family residential property,

a 41.2 percent decrease for multiple residential property, and a 12.2 percent decrease for commercial and industrial property.

The committee's analysis also indicated that considerable discrepancy existed within each class of property. An analysis of the relationship between the selling price of residential property in the period from June to December, 1979, indicated that the assessment of homes in various price ranges varied significantly from district to district in the province and from area to area in Winnipeg.

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

The second matter that was hoped would be accomplished by the initial research and activities of the committee was to obtain suggestions and statements of concerns from others. It came forcibly to the attention of the Review Committee as a result that very few people had any understanding of the assessment process or even, in fact, as to how their own property was assessed. One-hundred-sixty-four recommendations made by the review committee all relate to a concept and basic principles adopted by the committee as a result of their many meetings with provincial officials in Manitoba, with municipal councillors, as well as meetings with officials in Alberta, British Columbia, Saskatchewan and Ontario and the submissions received at public hearings.

These discussions and submissions convinced the committee that the assessment process must, if it is to be fair and accurate, become a system which the public understands and into which the public can have a significant input in order to ensure its accuracy and acceptance. It is the opinion of the Assessment Review Committee that the assessment system must involve: first, the valuation of all property in the province. A valuation that is maintained in such a manner as to be understood by the public and subject to a knowledgeable public scrutiny and review.

Second, the classification of that property to ensure that all property, regardless of where it is situated in the province, is identified and classified in accordance with its use.

Third, the setting of an assessed value using various portions of the valuation of all property in the province that would generate an assessment that results in an acceptable and fair distribution of property taxes between the various classes of property.

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

In addition to this three-phase approach of valuation, classification and assessment, the committee based their recommendations on a number of basic principles which are listed on Pages 22 and 23 of the committee's report.

One of the statements that was put forward many times in discussions with the committee was that a house is a house is a house. That is to say, it doesn't

matter where that house is located or what form it takes, if they are providing residential accommodation, they should all be subject to the same treatment for assessment purposes. If the accommodation is worth, say, \$50,000 where it sits and in the form it is built, it should not matter whether it is on a farm, in a village, town or city, or whether it is a semi-detached, single detached, part of a high-rise complex, it should be assessed the same. This doesn't mean that the same design, style and quality of a home will have the same value in the city as on a farm but rather that, say, a two-bedroom bungalow worth \$50,000 because of its location and a four-bedroom split-level farm home also worth \$50,000 because of its location should both be assessed at the same amount. That same four-bedroom split-level farm home, if located in the city, may be worth \$100,000 and in the city should be assessed accordingly.

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

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

These inequities plus the impossible task of requiring an assessor to ascertain who was in fact a farmer - a fact that could and often did change from year to year - led to the committee's recommendation to remove the exemption of farm homes and to exempt farm outbuildings only to the extent of the value of the parcel of land on which they were situated. At the same time, the one-third exemption to which all other buildings are entitled should be removed.

These recommendations were not designed to transfer any tax load onto the farm classification from the residential and the commercial and industrial classifications, but rather to remove existing inequities within the classifications. The majority of the 164 recommendations of the committee relate to how the valuation process should be done to ensure public understanding, the appeal process and mechanism required to ensure public input and acceptance, and how those valuations can then be used to provide the desired level of assessment for each class of property.

The process envisioned by the recommendations is designed to provide the flexibility required to meet

changing economic conditions, with the expectation that this system would improve and get better with age, rather than deteriorate with age. If the existing system had not deteriorated, we of course would not be here today.

There are two other recommendations that, I believe, warrant specific mention at this time. First, Recommendation III-C-7 and I quote, "Provision should be made for the sharing of that portion of the Education Support Program Levy that is required to be raised from the commercial and industrial class of property in such a manner as to reduce the amount to be raised on a portion of the valuation of all such properties. The levy should be increased on the balance of the valuation in order not to reduce the total funds raised from the commercial and industrial class."

In the report, examples were provided showing the effect of applying the Education Support Levy at the residential rate on the first \$50,000 of commercial and industrial property. The rate on values in excess of \$50,000 would be increased to ensure that the same total funds would be raised from this class of property.

As the Education Support Levy is raised from property over the province as a whole, the benefit to small businesses would be shared by large businesses throughout the province, while reductions of close to 50 percent could occur as a result in the Education Support Program Levy on small businesses. The increase applicable to, say, a \$5 million business premise would result in an increase of only 6.5 percent. This calculation is contained in Schedule IV of the Assessment Review Committee Report. These figures are based, in the report, on the 1981 Education Support Program Levy.

The final matter that I would like to bring to your attention are the recommendations of the Review Committee contained in Chapter V concerning The Administrative Organization For Carrying Out Real Property Assessment. The committee recommends that a single independent assessment authority be established to assume responsibility for the assessment of all property in the province. In the committee's opinion, the establishment of a single independent authority would revitalize the assessment system, ensure a better atmosphere for uniformity in the valuation of property and would, in the long run, prove to be the most cost-effective way of providing the up-to-date valuation system required.

One of the major challenges that must be faced is that equity within the assessment system can no longer be permitted to be limited by municipal boundaries. Equity must exist within municipal boundaries, but it must also exist within the boundaries of the school division and, in fact, within the boundaries of the whole province.

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

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you very much, Mr. Clarkson. You'll have a chance to ask Mr. Clarkson questions

about the report after Mr. Brown has made his presentation on the analysis of that report.

I'd like to call on Mr. Bob Brown of the Department of Municipal Affairs to explain the methodology used and some of the impact of the Weir Recommendations. Mr. Brown.

MR. B. BROWN: Thank you, Mr. Chairman. As Mr. Adam indicated, staff of the Department of Municipal Affairs were asked to look at the Weir Report and, in particular, the impact of implementing its recommendations. In so doing, we felt that there were a number of recommendations that would have the greatest impact on the property owner. The majority of the recommendations deal with the details of the assessment process that may improve the system but will have little direct impact on the property owner. We concentrated, therefore, on four of the major recommendations.

The first recommendation that we took a look at was the idea of valuation, of moving property up to near its market level. In the analysis of the Weir Committee, they felt that this would represent the first major step towards creating equity within the assessment process and they also felt that it was the first major step to moving towards public understanding of the assessment process. By saying a market level value on your property, you would be in a position to evaluate it from your own point of view and compare it to other properties, appeal if you wished, but at least it would be a figure you could relate to.

The second recommendation we considered was the concept of portioning. As Mr. Clarkson mentioned, moving directly to market value would result in a shift in the assessment, particularly on to farmland within Manitoba, also, to some extent on the single family residential. The concept of portioning or using only a portion of that market level for assessment and taxation purposes was therefore put forward and we built that into our evaluation.

The third major recommendation we considered had to do with the removal of the exemptions on farm residences and the partial exemption on farm outbuildings. All residences were put onto the tax rolls in our evaluation. All farm outbuildings were also brought onto the tax rolls and allowance was made for the exemption related to the parcel size upon which they sit.

The fourth recommendation we took into account had to do with the taxation level on commercial enterprises. With our calculations we were able to place, for the commercial buildings, the first \$50,000 worth of value was taxed for education support purposes at the residential levy with the balance of value taxed to the commercial levy. I should mention, in particular, relating to the commercial exercise, we were limited to some extent to the accuracy with which we could test that recommendation, since to test it fairly, you need to have a totally updated commercial assessment for all Manitoba businesses and that isn't available as of yet. The result, if you see the figures in the green book, is that the changes you see for small businesses are pretty well as they would be if the report was implemented. The impact on larger businesses, however, is exaggerated in the statistics you see there.

The impact of switching the balance of value onto the larger businesses would really be spread across the entire province, rather than just within the sample areas we tested.

The tool we used to evaluate the report was a lot of staff man hours, combined with the computer facilities in the department. We chose four sample areas: the Hanover School Division, the Antler River School Division centering around Melita, the Intermountain School Division and the St. James-Assiniboia School Division. The basis for the sample choice was that we felt that they were representative of the types of land use that occurred across most of Manitoba. They range from the small parcels, the high livestock intensive operations of the Hanover-Steinbach area, to the grain farming areas down in southwest Manitoba, to the Parklands area and to the City of Winnipeg and urban area.

The second reason behind the choice of samples had to do with the availability of data. To really test the report, we had to be able to bring on the presently exempt properties. In several of those areas the Assessment Branch had that information on file and we were able to use it and save about three months worth of field work on the part of the assessors.

I'd like to run through the methodology with you. It's quite straightforward. It just takes a fair bit of time to bring about. The starting point, step one, is to produce the 1982 assessment rolls for each of the sample areas - that's the existing information.

The next step is to implement the report recommendations that would bring on new assessment; primarily, that's bringing on the farm residences and bringing on the farm outbuildings. As I mentioned, the farm outbuildings are brought on with a built-in exemption that the report provided for.

The third step is to update the new assessment roll to 1979-80, which by our standards would be the market level value for the test cases. The method involved using the past sales data as per the recommendations of the Weir Committee, the last two-years sales data, combined with the other factors developed by the assessors.

Step four in the process was to consider the portions recommended by the Weir Committee applied against those market level assessments.

In evaluating and trying to estimate what portions would be required to maintain the assessments per each class of property at the same relationship that exists now, the Weir Committee concluded that approximately 8 percent of the market level of farm property in the province, 15 percent of the market level of residential property and 16 percent of the market level of commercial or the other property would result in the same general relationship between those property classes as currently exist. We used, therefore, the 8, 15 and 16 percentages that the report specified. I should point out that they are estimates only.

The next step in our process was to examine the sample budgets or the existing 1982 Budgets, I should say, of the sample areas. That would be the budgets of the municipalities involved within those four school divisions, the budgets of the school division themselves and the budget required for the Education Support Program Levy, the province-wide levy.

With the revenue requirements on hand that the Budget specified and the new assessment base that

we created artificially, we were able to calculate the new mill rates required to produce that amount of money for each of the purposes mentioned, the municipal, the special school levy and the Education Support Levy. With the mill rates on hand, we then picked out sample properties, sample roll numbers, from each of the four study areas. We attempted to pick farm properties, a variety of types of farm properties, some residential properties and some commercial properties. In the larger urban centres we were able to pull out some multiple-family residential developments as well. The mill rates were applied to those properties and, in my opinion, if you look at the general trend of the figures across the sample areas, they are indicative of the impact of the Weir Report as written. They're not to suggest they couldn't be modified, but I think they represent the general impact of the recommendations as they are written in the book with the data available at this time.

I hope that's of some assistance to you in understanding the green book which is designed to help you understand the Weir book.

Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you, Mr. Brown. I now open the floor to questions both to Mr. Clarkson and Mr. Brown on both their presentations and the documents on which their presentations were based, any questions for clarification of the information or detailed questions with regard to the factual information. If you have questions, please come forward to the microphone, identify yourselves, so that we have you on the record for the transcript and proceed.

MR. J. BODNAR: Thank you, Mr. Chairman. My name is John Bodnar, Reeve of the Local Government District of Consol.

The first question is to Mr. Clarkson. I noted in your report and also in your conclusions today that you emphasized there is a concern of assessment from house to house no matter where it may be located, and also I want to go to the Statistical Analysis. I went through that as well, gentlemen, but I do not find anywhere, either in Mr. Clarkson's delivery or the Statistical Analysis, why we should, as taxpayers, be it country or town, be taxed accordingly to the three formulas in the past number of years, but we have one selective group living in selective areas that do not pay taxes with assessment that could be amounting to millions of dollars. My question to, I don't care if it's the whole group or the two, how long are we going to dip into the taxpayers' pockets for equalization or more money while we know that the millions of dollars in real personal property and commercial property is being built year after year? That's my question.

I'm referring now to the selective groups, not only in the provincial parks but also in groups of development in Crown lands, where they only pay a very small fee for what you'd say Crown land leases. They do not pay schools; they do not pay roads. This is the other section and I think it's time that we looked at it.

MR. CHAIRMAN: Mr. Bodnar, before Mr. Clarkson answers your question, I think I should caution that those areas that are strictly tax policy areas aren't part

of our responsibility in terms of assessment review, but certainly I know Mr. Clarkson would like to tell you what the committee considered during their consideration. In terms of questions to the whole committee, that could be part of your presentation later on after the question and answer period. Right now it's just factual information from the staff.

Mr. Clarkson.

MR. B. CLARKSON: Thank you, Mr. Chairman. First of all, the Assessment Review Committee makes a statement within the report that they're not in a position to make assessment recommendations in respect to Crown lands and provincial park areas because there is no taxing or assessing authority and jurisdiction in those areas. That was the position that was taken by the Assessment Review Committee.

I might add, however, that since then a study has been done on provincial parks and Crown land assessment - a separate study from the Assessment Review Committee - and that is now before government, if that's any consolation.

MR. CHAIRMAN: Mr. Bodnar, a further question?

MR. J. BODNAR: Just one more question, Sir. What about, now, the commercial properties such as the lodges and what-not that really reap the harvest of our resources and are also not assessed or pay the equalization tax to the people outside of the boundary? This is the other question.

MR. B. CLARKSON: Recommendations in respect to those are also contained in the separate study on parks and Crown lands.

MR. J. BODNAR: Thank you.

MR. CHAIRMAN: Any further questions?

MR. J. BODNAR: Well, I hoped to have a verbal presentation.

MR. CHAIRMAN: Right, I notice your name on the list. Are there any further questions from members of the public for the staff? If there are no further questions - Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, I just wanted to ask Mr. Clarkson what the rationalization was for having outbuildings on a farm exempt to the value of the parcel of land on which they sit, because I feel as has come out in some of the other hearings that this could result in some other great inequities, depending on the size of parcel that the outbuildings happen to be situated on, and I wonder if this was considered in that recommendation.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Thank you. It was a very difficult recommendation that the committee - a very difficult problem that the committee had to deal with in farm buildings. They made the recommendation, I think, quite aware that it would not be completely equitable because

of the various sizes of parcels of land on which it sits, but at the same time recognizing that a system had to be generated that would provide for the assessment and taxation of major farm buildings. The concern there was to ensure that major farm building holdings which were now receiving a tax free, an assessment free situation, would be picked up and assessed.

The exemption was provided for two basic reasons. First, at many of the public hearings and presentations made to the committee by both municipal councillors and the public, a concern was expressed about such things as granaries. Why should they be assessed and taxed? It was the feeling of the committee that there were good arguments by the farmers for this not assessing and taxing storage facilities for grain, when the only reason they had to have those storage facilities on the farm is because other levels of government were not selling their grain and getting the grain shipped fast enough. It was not the farmers' responsibility or fault that grain had to be stored on the farm. That was one of the reasons for some degree of exemption.

Another major concern, probably the major one, however, was one of cost - the cost of assessing a multiple number of small individual buildings which, in fact, added little if any value to the land. The committee felt that it's not only a problem in initially assessing that property but of maintaining the assessment of that property. Every time a person moved a granary from one parcel to another, every time an old hip-roof barn was removed or destroyed by fire, an assessor would be called on to do a reassessment in order to reflect that in the individual's total assessment, and the committee felt that by providing this basic exemption equal to the value of the parcel of land, then a much more equitable and more reasonable cost system could be developed.

HON. J. PLOHMAN: Yes, but that means the exemption would vary from farmer to farmer and from the degree of exemption would also depend on where that land is located and how valuable it is and so there would be inequities created through that. I'm wondering whether the committee considered a standardized amount, say \$1.00 a figure, and why would they have ruled that out, say a certain value up to a certain dollar figure that could be exempt and that could be standardized right across the province.

MR. B. CLARKSON: The committee did consider establishing a basic amount as an exemption and finally ruled it out from inability to come up and formalize an appropriate amount. There was considerable discussion as to what that amount should be, and I think that was the basic problem, to find an appropriate amount that could be established, could be maintained and would move with economic conditions to always be the proper amount and they felt that the valuation of the land was a better indicator of what that should be. That was a basic reason for choosing that.

Now, they went to the individual parcel of land because of the extreme difficulty in looking at a farm unit. In many cases in looking at a farm unit - and this was seriously considered, providing an exemption based on the total farming unit - in many cases, some of those farm units owned by one individual farmer actually

contained land that was situated in two, three and even four municipalities, in some cases in two or three school divisions, and this created a tremendous difficulty as far as jurisdiction was concerned as to where the exemption would apply within that total holding. For that reason, the committee discarded that thought and reverted back to the individual parcel on which the buildings were sitting.

HON. J. PLOHMAN: Mr. Chairman, I'd just like to ask for the benefit of everyone further clarification because I don't think it was clear from the initial statement. On Page 5 of the statement made by Mr. Clarkson, he stated the recommendations that were made with regard to assessment regarding full valuation and portioning, and so on, were not designed to shift the tax load onto the farm classification away from residential and other classifications, for example, but rather to remove existing inequities within the classifications. However, looking at the Statistical Analysis that has been provided by the department, it would seem that within municipalities, within certain school divisions throughout the province, there would be a shift from residential toward farmland and I'm just wondering if that recommendation that was made was province-wide. I believe you stated that you would acknowledge there quite possibly would be shifts within municipalities and school divisions.

MR. B. CLARKSON: Yes, Mr. Plohman. There definitely could be some shifts within individual municipalities. The recommendation of the committee was to ensure that there was no shift in taxation between classes of property over the province as a whole. Now in doing that, the committee ended up by picking, as Bob Brown mentioned, 8 percent of valuation for farms, 15 for residential, and 16 for commercial and industrial property. Those percentages are not precise, and it has to be remembered that those were the percentages that were considered by the committee to be appropriate to deal with the 1979 assessments and 1979 level of taxation, those that were the proper figures at that time to meld together that taxation, assessment and valuations.

In bringing it up-to-date, it's quite possible that it would be necessary to correct those figures. The proper figure may, at this time, be 7.5 percent for farms, or it may be 16 percent for residential, and 17 or 18 percent for commercial and industrial. That calculation would have to be made at the actual time of implementation of the recommendation.

There's one other factor that works towards a slight variance, and I think that is what is being reflected more than anything else in the green book; that is, that the committee was not able - because the figures were not available - to separate the farm residence valuations from the farm outbuilding valuations over the province as a whole. Therefore, there was no adjustment made for the effect of transferring farm residences to the residential category.

Now, when that adjustment is made, again, it would have the effect of reducing the percentage that should be utilized on farms and, hopefully, would result in most municipalities and, certainly definitely over the province as a whole, there not being any transfer of property taxes from one class of property to another.

HON. J. PLOHMAN: One final question, Mr. Chairman. It seems then - I would just like you to confirm or deny that this would be the case - that there would be a shift also within the farm classification. Obviously, the building-intensive farm under the recommendations by the Weir Committee would result in having to pay a greater portion of tax, a higher taxation as a result of the higher assessment on farm buildings so that hog farms, dairy farms and so on would tend to pay a greater proportion of tax than, say, grain farms, so there would be a shift or redistribution; and also towards the smaller mixed farm would be paying where, if a municipality had a greater number of those kinds of farms, there would be a tendency to have a greater amount of the tax load in those areas.

MR. B. CLARKSON: Yes, I would confirm it. There definitely would be a shift within the farm classification. There would be increased taxation on any building-intensive farm. The concept of the committee, however, would be that the dollars raised on that building-intensive farm would be utilized strictly to reduce the taxes to be raised from the balance of the farm category. The taxation of neither the farm residence nor the farm outbuildings that are presently exempt would be utilized to reduce the taxation and the taxes paid by either the residential category or the commercial/industrial category.

MR. CHAIRMAN: Are there any further questions from the public? Sir, please come forward.

MR. J. McINTOSH: John McIntosh, Reeve of the R.M. of Minitonas. At the time they took this Weir Report, as I call it, or assessment review, houses had started to drop in value and farms hadn't started then, but they have dropped now which will be in one of my briefs. I wonder if they are thinking much of that right now.

MR. CHAIRMAN: To whom were you addressing the question, Mr. Clarkson or Mr. Brown?

MR. J. McINTOSH: Whoever likes to answer it.

MR. B. CLARKSON: I'll take it.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Yes, Mr. McIntosh, one of the very significant recommendations in the committee in respect to valuation of property is that valuation of property should be kept up-to-date annually. It should be adjusted every year based on sales data from the previous two years. The basic reasons for that being put forward by the committee were twofold.

First, to gain public understanding because most people know what their property is worth, but they have a very short memory, and if you're trying to tell them what it was worth five years ago, there are very few people that will remember what it was worth five years ago. If you're trying to tell them what it was worth a year ago, two years ago, then your chance of getting public acceptance of that valuation is much better.

The second factor is that when a property value increases, you should be paying more taxes on it and

you're not because assessment isn't up-to-date, then all the other taxpayers in the province share that load that you should be paying. However, if your property value decreases, therefore, your share of the total tax bill should have decreased with it and it doesn't because the assessment isn't up-to-date, you suffer that entirely to yourself. You pay the extra; nobody shares it with you. For that reason the committee was very positive about requiring a system that could be kept up-to-date for fairness and for understanding.

MR. J. MCINTOSH: Also, location of property has very great things. If my neighbour wanted to sell the farm - I'm not going to buy any more farms at my age - but just suppose hypothetically that he did, or maybe my son might want to buy it but not me, you would give maybe \$5,000 or \$10,000 extra for that quarter because it's right across the road than you would for one 15 miles away. I've seen a city block sold right in the hungry '30s, in the heart of the Depression, when you couldn't hardly give land away in most places for \$100,000.00. It wasn't in this province, but I've seen it sold.

MR. CHAIRMAN: Do you have a further question, Mr. McIntosh? Thank you. Further questions then for staff? Mr. Kostyra.

HON. E. KOSTYRA: Yes, I'd like to ask Mr. Clarkson and maybe Mr. Brown a couple of questions with regard to the valuation of railway rights-of-way and the recommendation contained in the Weir Report.

Firstly, I'm wondering why the commission didn't outline specific recommendations with respect to the principles that ought to be utilized, with respect to any change in assessment with respect to railway rights-of-way.

Secondly, in the information with respect to the current situation, it's noted that the railway rights-of-way assessment has been unchanged since 1948 and I'm wondering if staff would care to venture an opinion as to why it has not been changed since 1948.

MR. B. CLARKSON: I certainly wouldn't want to put forward a suggestion as to why it hasn't been changed. It's certainly, I think, critical that it be brought up-to-date and this is the point the Review Committee was making, that it is essential that railway property rights-of-way be brought up-to-date and maintained up-to-date in their proper relationship with the assessment of all other property.

The actual recommendation of the committee in respect to railway rights-of-way was that the valuation of railway rights-of-way and the pipelines must be brought in line with and maintained in such a manner as to automatically reflect changes of property value. The principles for the establishment of the value of all such property should be outlined in legislation with the actual rates to be set as required by the Lieutenant-Governor-in-Council.

We didn't assess actual rates in our review. For one reason we were not assessors and not evaluators of property, and we felt that should be left to the professionals in that respect, as to advise government exactly what the appropriate rates should be.

At the same time, however, we felt that should be established in legislation, the actual rates should be

assessed and established by the Lieutenant-Governor-in-Council because any assessment in that area has to some extent be of an arbitrary nature. The assessor is going to require the support of government legislation to fall back on, in utilizing those rates, or else they will be subject to multiple number of appeals and great difficulty in arriving at equitable settings through the normal Boards of Revision. That was the basic reason.

HON. E. KOSTYRA: Thank you, Mr. Chairman. A further question. I can appreciate or I can understand the reason that the committee chose not to make recommendations with respect to rates, but I'm wondering why the committee did not make recommendations with respect to the principles upon which that assessment should be based.

MR. B. CLARKSON: They did, in their report, suggest that it should be based on a principle that would recognize the use to which the railway rights-of-way were being put. It drew to the attention of the government in the report that at the moment the railways pay exactly the same assessment on the mainline as they do on a branch line and the suggestion is made in the report that this be varied to show and compensate for the actual importance of that railway line to the railway system.

One of the problems with the existing system, where you're paying as much on a branch line as you are on a mainline, is it encourages the abandonment of that branch line and the recommendations really are to develop a situation that would recognize the reduced valuation of that branch line, thus reducing the taxation on it, as an encouragement to retain it as part of the principle that they are suggesting in the report.

HON. E. KOSTYRA: One final question. Then the Weir Commission would be recommending that the assessment be based on the productive value of that land to the railway rather than market value?

MR. B. CLARKSON: Much closer to productive value - absolutely. At the time of writing the report consideration was given to looking at such items as tonnage carried by that track, weight of track on the line and items such as that, but they were not firmly approved or recommended.

MR. CHAIRMAN: Mr. Ashton.

MR. S. ASHTON: Thank you, Mr. Chairman. The previous questioner made reference to some of the inequities and problems that exist in the North because of certain particular situations, for example provincial parks, and I realize that there is a proposal on that going before the government fairly soon. So my question isn't in regard to that particular case, but I'm wondering in the more general case of the North, where there seems to be various inequities in terms of some people being assessed, some people not being assessed, whether the Weir Commission looked at the overall problem of the difficulty, first of all, of locating a lot of the property in the North and second of all, of assessing it, particularly given the fact that the report makes reference to market value. I'm just wondering

how you can establish market value in the case of a lot of isolated properties in the North, for example, where a guideline of sales within the last months certainly wouldn't be adequate because a lot of these places aren't sold for quite a large number of years and in very unique circumstances as well.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: The committee certainly found that one of the major difficulties and major problems in Northern Manitoba was the difficulty the assessors were having in locating and assessing all real property. Claims were made to the committee that assessors were assessing some privately-owned property and commercial property only after they received complaints from other property owners that the property had not previously been - other property had not been assessed, whereas theirs had.

The committee felt that there had to be a much better system provided for notification to the assessor from the Parks Branch, from the Department of Natural Resources, and other governmental departments, Tourism, etc., of the establishment of such buildings and that these buildings should be assessed and taxed in order to ensure that there was equity. So the matter of valuation of those properties would be a difficult problem, but I don't think an unsurmountable problem for the assessors. Those that are found now are assessed and I can see no reason why they all cannot be valued and assessed in that respect.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: Mr. Clarkson, the one concern I guess that has arisen over the last number of days in the hearings is one that a number of the members, I know, on both sides are concerned about, and that is the one of some of the shifts, especially within the farm community, which really see a decrease in some of the residences located in some of those municipalities because of - I guess you can't call it a shift, but it is really a shift from what the farmers are paying currently to what they're going to be asked to pay under this new proposal.

Are you relatively confident that by establishing the proportioning process carefully once all the facts and figures are known with regard to the total assessment of, for instance, residences on farm properties, that the proportioning formula could be changed to see to it that the Manitoba farmers do not pay a higher percentage of total real property taxes than they pay currently?

MR. B. CLARKSON: I'm very confident that the portioning can be adjusted to ensure that over the province as a whole there is no transfer of taxes between classes. That is certainly within the complete control of the government in power when the report is implemented. I don't think there's any question about that.

The power is also there to adjust taxation and assessment and resulting taxation, liability from one class of property to another if that is the appropriate move, depending on economic times. It's an economic

and political decision, I think, that has to be made. One of the major tones and recommendations of the report is that the processes of establishing valuation and the process of establishing liability for taxes through the portioning process and the actual establishing of mill rate be firmly separated. The valuation process is a process that should be carried out by knowledgeable assessors; the decisions on portioning should be made by the provincial government, so there's uniformity throughout the province, and of course the decisions on mill rates made by the provincial government, the school divisions and the municipalities.

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

MR. R. BANMAN: In the green book the analysis of one of the larger urban areas also indicates there is a shift from the commercial and apartment block buildings to the residential single-family dwelling units. Would the proportioning formula be able to be adjusted so as to see that particular phenomenon, I guess that we see in the proportioning that we're using right now, to adjust that so that would not happen?

MR. B. CLARKSON: The recommendation of the committee, first of all, with respect to residential property is that all residential property should be treated the same. Now because of the existing levels, different levels of assessment on multiple dwelling units compared to single family dwelling units, based strictly on the recommendations of committee, there would definitely be a shift of taxation off of the multiple residential properties and on to the single family residential property. That's caused by the fact that the actual increases in value of single family units has been much more substantial than the increases in value of multiple units, and therefore it is reflected in the level of the existing assessment.

Now, as far as transfer of taxation from commercial/industrial to the residential category, there should not be any if the recommendations of the committee are carried out. Going back to the residential property, however, although the committee has recommended a certain number of specific classifications as being those initially required, it could well be a decision of government that the residential category should be split and there be separate categories for multiple and for single family dwellings and different portions utilized in order to stop any shift from that. That's not the committee's recommendation, although it is quite within the ability of using the system recommended by the committee to do that.

MR. R. BANMAN: You mentioned that the value of apartment blocks hadn't appreciated the same amount as houses. That would be, of course, directly linked into the amounts of rent that can be charged for any particular complex such as that, because your retail price is based on the return on investment. I would imagine that that would have had something to do with them not receiving the same type of escalation in value as houses.

MR. B. CLARKSON: This is true. One of the major factors in that discrepancy, shall we say, in existing

levels of assessment between multiples and residential is related to land. The largest escalation in valuation has occurred in land rather than in buildings and, of course, a multiple-dwelling unit uses much less land than a single family does. That is the major reason for the existing variances between the two.

MR. CHAIRMAN: Further questions? More particularly, further questions from the public? Yes sir, please come forward.

MR. H. ELLINGSON: This is Reeve Harold Ellingson from the R.M. of Swan River. I'd like to direct this to Mr. Clarkson in regard to true evaluation. Under this analysis report you take your present assessment and you multiply it by a figure and you're using ten to come up with the true valuation. Now, really what have you accomplished by doing that? You have your present assessment today and you multiply it by another figure and you have your true valuation. Isn't it just a humble jumble of figures? What are you attempting to gain by raising the valuation and taking a percentage again?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: What was really achieved is to bring every piece of property in the province to a common level of value. In some cases the factor required in certain municipalities for certain types of land, say, was 10. In other cases the factor required was 20, in some it was 5, in some it was 3. In order to do the comparables, it was necessary to establish a common denominator that you could utilize throughout the whole province in order to make a true comparison. It was the thought of the committee that the only actual common denominator that is consistent and understood throughout the whole province is market value.

MR. H. ELLINGSON: Yes, you're trying to do that, but you use those kind of figures in our municipality, you're as far out and a greater portion out on land than you are on residential on the figures they're using here.

MR. B. CLARKSON: I'm not sure what you mean by being farther out.

MR. H. ELLINGSON: You multiply my present assessment on land by 10 and you multiply the present assessment on my buildings by 5.5, you will find that under the selling price, the market value, there's a greater difference between the selling price on land than what you accomplish here by multiplying the debt. There's a greater difference there than there is on the buildings.

MR. B. CLARKSON: Are you saying really that your building should be multiplied by 10 and your land by 5, or something like that, rather than the other way round?

MR. H. ELLINGSON: What I'm saying is that with that much of a difference in the multiplication factors, you're going to have a greater portion of your assessment go on to farm property, on to land.

MR. B. CLARKSON: First of all, what I would like to indicate is that what was trying to be achieved by the Assessment Review Committee, again, was to know what is the real value of the property that is there to be utilized? That was what we were looking for, and the figures that were utilized in multiplying the assessment were the figures that were provided to the committee by the local assessors as to what they felt, on the average, property in that municipality, by class, needed to be multiplied by in order to arrive at its current value. Those are figures provided to the review committee by the local assessor. It was their opinion as to what that multiplier had to be in order to reach a proper actual true value of the property at this time.

MR. CHAIRMAN: Mr. Ellingson, perhaps Mr. Bob Brown, who was involved in doing the statistical summary - I think you're referring to the factors that are on Page 11 in the analysis - Mr. Brown may be able to shed some more light on that.— (Interjection)— I'd like Mr. Brown to be able to answer that first. It may preclude further questions.

MR. B. BROWN: I think I can mention that the factors you see in the green book were those that were determined by the local assessment officers to be required in the areas tested. That doesn't mean that in the R.M. of Swan River, for the type of land you have, that a factor of 10 might be required. If your land is presently valued considerably closer to market level than the area where the 10 factor had to be used, then perhaps the assessor would be saying in Swan River a factor of 3 might have to be used. The goal is to get everyone at market level where they can all be treated equally. The factors would vary from municipality to municipality.

MR. CHAIRMAN: Any further questions then, Mr. Ellingson?

MR. H. ELLINGSON: Not at this time.

MR. CHAIRMAN: Thank you. Any further questions from the public? I have Mr. Gourlay down on the list. No further questions?
Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, Mr. Brown really explained and clarified the situation with respect to Mr. Ellingson's questions.

MR. CHAIRMAN: Thank you, Mr. Brown.

The individuals I have on the list for presentations are Mr. Harold Ellingson, Mr. John McIntosh, Mayor MacLean and Deputy Mayor De Groot, and Mr. John Bodnar. Is there anyone else here who would like to make a presentation to the committee today whose name I have not called out. Would you come forward please and give us your name.

MR. C. SUNDE: Chris Sunde, S-U-N-D-E, Deputy Mayor of The Pas. The actual presentation will be made by Mr. Moule, our Administrator.

MR. CHAIRMAN: Mr. Moule will be making the presentation. Is there anyone else?

I'd like to thank Mr. Clarkson and Mr. Brown for their presentations and we'll begin to proceed starting with Mr. Harold Ellingson, Reeve of the Rural Municipality of Swan River. Mr. Ellingson, you're back here again.

MR. H. ELLINGSON: Can I just move down the list?

MR. CHAIRMAN: Certainly.

MR. J. McINTOSH: Mr. Chairman, they have this as a fair way, that's what they report in that brown book, but I did a little calculation here and I used the '79 equalized assessment and the '79 per capita figures out of statistics and I found out that the population of the rural municipalities was 198,150 with an equalized assessment value of 630,920,207 or 3,184 per capita.

Now the villages have a population in '79 of 26,123 and an equalized assessment of 47,179,290 or 1,806 per capita. The towns in '79 had a population of 88,544 and their '79 equalized assessment was 225,075,590 or 2,541 per capita. The cities have a population of 630,789 with an equalized assessment of \$1,907,950,000 which makes a \$310 per capita. The yellow books, during the course of the Weir Commission study, allowed for extra for transportation. Rural municipalities including both land and buildings should not exceed 6 times 1 to remain in proportion with the '79 assessment, in order to get a full value figure used approximately 10 times this assessment. For the full value in cities and towns the committee used approximately 5.5 times. I wish to point out at the same time residential and commercial property values were declining while land values were still escalating. Presently farmland values are declining and economists predict a 50 percent drop in land values in the next two years. This prediction will determine the number of bankruptcies in the next two years and estates that must be settled.

Another interesting point I noted while studying the Weir Report was a discrepancy in assessment on residences in cities, towns and villages. On a study of residences, one in Minitonas, one in Swan River, one in St. Boniface and one in St. James - these were very similar houses about as close as I could find to be comparable except the one in St. James, the other three were very comparable houses. I found the one in Swan River to be the highest, then Minitonas, then St. Boniface as a comparable. The older residence in St. James, however, was higher than the other three which indicates the City of Winnipeg is badly in need of a new assessment. Both the residents of the city dwelling indicated they had not been reassessed since prior to the amalgamation of Metro Winnipeg.

MR. CHAIRMAN: Any questions from members of the committee on Mr. McIntosh's first presentation?

Mr. Adam.

HON. A. ADAM: Mr. McIntosh, obviously you did quite an in-depth study of the report. Two of the major reports in the recommendations - one is moving towards market valuation of property for assessment. What is your opinion on that recommendation? Would you care to give us an opinion on the recommendation to market value for an assessment base?

MR. J. McINTOSH: The next one does deal with my comparison, but maybe I should read it first and then you can question me on both.

HON. A. ADAM: Okay, proceed then.

MR. J. McINTOSH: I wish to point out in a rural municipality and make comparisons to indicate how market value can differ from full market value as suggested in the Weir Commission Report.

This table involves three quarters of land that was previously leased from the government. Initially, only a small proportion of this land, possibly 30 acres on two quarters, have been cultivated and sowed to grass. The lease was then bought and they hired a bulldozer and cleared all the land except approximately 30 acres which is very stony - there is a stone ridge comes into this from the other land - but the rest was all brought under cultivation and it's ready for crop now. Most of the bulldozing piles are cleaned up, too, by the way. The sale value of this three quarters was 90,000.

Presently, this land has not been assessed, but assuming that adjacent land with an assessment of a comparable type would project the following: Quarter one is very similar to one that is assessed a-half-a-mile away at \$5,000; projecting market value at 10 times this would be \$50 thousand for market value according to the Weir Report.

The second quarter has considerable low land and about 15 acres of the stone ridge mentioned above and would have assessment of about 3,500 or 35,000 as per the report.

The third quarter has 15 acres of uncultivated land on account of the stone but it is a better quarter than No. 2 and would likely have an assessment of about \$4,000 or 40,000 according to the report.

On totalling the assessed values according to the report we get 125,000 of assessment, yet through the declining land value it only sold for 90,000. This should provide evidence of the rapid decline in land values. This rapid decline can also occur in the residential assessment value. Market value was evident in British Columbia. This should provide us with evidence that assessment at market value should be based on a longer term than two years as cited in the MARC. Possibly, 10 years would give a better average of the high and the low market value.

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

HON. A. ADAM: Yes, I thank you for that further clarification. If it were possible to put in a system to keep the market value closer with the trend as Mr. Clarkson made reference to, I would still come back to my original question, would you then favour going to market value, whether it's one year, two years, three years or five years. Should we move from the present system to market valuation then?

MR. J. McINTOSH: I don't think it's possible, myself. I've watched this for a long time and with assessors and how they assess and that, and I highly doubt it because it varies so much with location and this kind of stuff that it's not going to come close to the productivity of land.

HON. A. ADAM: Then the second question would be the recommendation in the report to remove exemptions as far as possible and to assess farm residences for taxation purposes. What is your opinion on that recommendation?

MR. J. McINTOSH: I think farm residences should be assessed because half of them aren't assessed and it's an assessment nightmare right now. In our municipality, half of them are assessed and are paying taxes.

HON. A. ADAM: Yes, that was my understanding for this area, that a lot of people have off-farm work and many of the farm residents are already assessed. Thank you very much.

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Yes, Mr. McIntosh just answered one of my questions, Mr. Chairman, but Jack, you mentioned valuation of farmland and we've heard in quite a number of briefs in the last couple of days where they would rather use the productivity of the land as a base for evaluation. Would you not think that the productivity of the land would be reflected in the market value?

MR. J. McINTOSH: That and location.

MR. D. BLAKE: Thank you.

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

MR. R. BANMAN: Thank you. I believe one of the recommendations that is not in the green book but is in the Weir Report is that Crown lands within municipalities be assessed and, I guess if we want to be consistent, at fair market value, and that a grant in lieu of would be paid. What would your stand be on that?

MR. J. McINTOSH: Well, until this land is improved like this here when this fellow had it for pasture - we'll use this for an example - well, he just broke up a little bit, it was very easily broken, and he sowed a bit of grass in it and the rest of it, the weeds or whatever was there or brush and so on, the grass that grew native, but it really didn't have a big value for pasture land; but now it's all cultivated but about 30 acres, so it's going to have a drastic change when the assessor comes when it's all been broke up. That particular quarter, I grant in lieu is all right, but if they're only using it for pasture and it's not been developed, if now they go in and break it up, that's a different matter.

MR. R. BANMAN: Maybe I can phrase my question a little differently. You have a certain amount, I would imagine, of Crown land that is within your municipality, which right now you are receiving nothing from the government for. Is that right?

MR. J. McINTOSH: About near to two townships.

MR. R. BANMAN: Two townships?

MR. J. McINTOSH: Almost.

MR. R. BANMAN: And are you receiving anything from the government in grant in lieu of for those . . . ?

MR. J. McINTOSH: I only want to lease for pasture or hay.

MR. R. BANMAN: Well, what do you think of the proposal where that land would be evaluated and the province then would pay you a grant in lieu of for that Crown land, the land that the Crown owns, that is not leased out.

MR. J. McINTOSH: Well, I don't know if that would be much because we'd have to pay it some other way to give it to the province.

MR. R. BANMAN: I'm sorry, you lost me there.

MR. J. McINTOSH: If it had some use I'd say, yes, it should be. If they're using it, it should be taxed or . . . , but if they're not doing anything with it, unless they just hold it, lease it or won't sell it.

MR. R. BANMAN: Do you have some land that the government won't sell or won't lease?

MR. J. McINTOSH: I don't know about lease, but they're a little reluctant because the the Game Branch has got a piece of it there and they want it for moose and deer to run on.

MR. R. BANMAN: Well, then I will comment - I guess I'll put it bluntly - shouldn't the people in Winnipeg, who also own that land, pay something to the municipality for it being there and for some of the roads and for some of the drainage problems that land is causing the municipality? Shouldn't the municipality get something for having that Crown land sitting vacant?

MR. J. McINTOSH: Well, we have no roads there or we don't . . . — (Interjections)—

MR. R. BANMAN: This is wonderful, Mr. Chairman. I think that what we see happening here is, if a lot more people in society would take that sort of attitude, we'd probably have a lot less government spending and a lot less problems in this world.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: Mr. Chairman, . . . you that indicated that you didn't feel, with past experience, the assessors have not been able to sort of attitude, we'd probably have a lot less government spending and a lot less problems in this world.

MR. J. McINTOSH: . . . with the present type of assessment, I don't think it's possible, or anything that I can see in the future.

MR. D. GOURLAY: Mr. Chairman, I wonder if we could, at this point then, have some comments from Mr.

Clarkson or Mr. Reimer as to how they envisioned that the valuations would be maintained on a two-year basis.

MR. CHAIRMAN: I don't know if that would be appropriate, Mr. Gourlay. We finished our question and answer session with staff. If it's the committee's wish and pleasure, perhaps at the end of the presentations or at the end of this presentation, I'm at the will and pleasure of the committee to proceed in a fashion different than we have so far.

Mr. Minister.

HON. A. ADAM: Yes, I think everyone recognizes that over the past years it has not been possible for staff to maintain the assessments in rural Manitoba every five years. That's an impossible task at this point in time, and I think for that exercise today we should leave for some other time and deal with the recommendations of the report which doesn't deal with that particular question that Mr. Gourlay raises. I believe that what we should do today, Mr. Chairman, is deal with the briefs and the question of whether we can upgrade our administration to do the assessment as required by The Assessment Act would be done at a different time.

MR. D. BLAKE: On a point of order, Mr. Chairman. Mr. McIntosh had indicated that he doesn't think it possible to maintain this valuation on a two-year basis. Now, the staff might be able to indicate to us the method that they would use that would answer our questions; they may have a simple answer to the solution.

MR. CHAIRMAN: On the same point of order?
Mr. Ashton.

MR. S. ASHTON: Yes, Mr. Chairman, I can see some reason for different approaches here, different members on the committee would like to take, largely because I would view this question as both a policy question and technical question. Obviously, it would be a different policy involved in the kind of assessment you'd like to see based on market value depending on the number of years, but I think the question that was asked was more of a technical nature, at least at this time, in terms of how the committee saw the technical handling of a two-year assessment period. So I would suggest that we have the staff answer from a technical point of view what was discussed in terms of the efficiency of a two-year assessment period.

MR. CHAIRMAN: To the same point of order?
Mr. Adam.

HON. A. ADAM: I think the Weir Committee did recognize that it was not possible for the City of Winnipeg or the provincial assessor to maintain the assessments according to the Acts, but they did mention that to move towards a computerization of the assessment that it would then be possible to keep a record of valuation perhaps even on a year-to-year basis. But that is in the future, because you can't just implement that recommendation, put that all in place in a year or two.

MR. J. McINTOSH: Were you around, Mr. Chairman, when Chapel made this assessment we got now?

HON. A. ADAM: I don't know what . . .

MR. J. McINTOSH: Chapel, he was the man that made the assessment we have now. I was one of the people that was there when he was put into power to make that assessment. Before that, we had assessment in every municipality, an assessor. He was supposed to, if I recollect right, do it every five years but he was never able to do it, nor his successors.

MR. CHAIRMAN: Are there any further questions for Mr. McIntosh?
Mr. Gourlay.

MR. D. GOURLAY: Just to sum up my earlier question, Mr. Chairman, I was not asking to go into a detailed answer; I was just asking for a simple explanation as to whether it would be possible or not, or how the two-year recommendation was going to be realized in a short type of answer.

MR. CHAIRMAN: I recognize that, Mr. Gourlay. I thought the Minister answered that with his discussion of computerization. If that's not the case, perhaps he can take another crack at it.
Mr. Minister.

HON. A. ADAM: Yes. I would refer Mr. Gourlay to Pages 89 and 90 of the Weir Report where they deal with that.

MR. CHAIRMAN: Are there any further questions for Mr. McIntosh?
Mr. Plohman.

HON. J. PLOHMAN: Just one brief question about one of the items that I was discussing earlier, and that is . . .

MR. J. McINTOSH: Sir, would you speak up? I've got my hearing aid, but I still can't hear you.

HON. J. PLOHMAN: Okay. With regard to outbuildings being exempt to the value of the land on which they are situated, would you agree that is a fair way to provide exemptions for outbuildings on farms, to the value of the land on which they are situated, or do you think there should be another method used?

MR. J. McINTOSH: No, I don't think that will be fair, because I think that you are going to - one man could have it, say, on something that's worth quite a lot of money, and he could have it situated on a half section or more, so that he had it on two quarters, so that he had a large base. Another man might only have 25 acres and, besides, you're going to have your best farmland where it's higher assessed. That's where they're going to build the buildings. I think it could be more on the same base as they're trying for the commercial property, a set amount, and work from that.

HON. J. PLOHMAN: Thank you.

MR. CHAIRMAN: Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: Yes, I'd like to ask Mr. McIntosh, what, in your opinion, would be the average market value of a farm in the R.M. of Minitonas?

MR. J. McINTOSH: Just what class of a farm? Now, there is a lot of variations there.

HON. J. BUCKLASCHUK: Usually, you have both grain farms and mixed farms, would you?

MR. J. McINTOSH: Well, no, but what land class would it have?

HON. J. BUCKLASCHUK: I was just asking for sort of an estimate of the average.

MR. J. McINTOSH: Oh, I would suppose the average would be about 70,000 maybe. I doubt they would be that high because there's a lot of lower grade land too.

HON. J. BUCKLASCHUK: The average market value of a farm would be about \$70,000.00.

MR. J. McINTOSH: That would be probably if they were right up close to town but if they're further back, this one here which I just stated, that's three quarters. There's one quarter of that is pretty nice land and that sold for \$90,000 for three quarters. Yet there's another one up close there, a quarter sold for \$110,000, so you see, you've got quite a spread but this other quarter is right up close to town.

HON. J. BUCKLASCHUK: What I was wanting to get at was that - I presume that in the R.M. of Minitonas most of the farms will be mixed farms?

MR. J. McINTOSH: Some mixed farming, some grain farming.

HON. J. BUCKLASCHUK: Some grain farming. If you had a chance to review the statistical data for the R.M. of Hanover, of Brenda - and you might even have the one from Intermountain - you will notice that because of the assessment procedures, that is, taxing the residence, taxing the buildings in certain circumstances, that as a result of these tax procedures the taxes have almost doubled. How would the farmers in the R.M. of Minitonas be able to withstand that kind of a tax increase?

MR. J. McINTOSH: Double taxes? I think . . . first Court of Revision . . . (inaudible)

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

MR. D. GOURLAY: Yes, Mr. Chairman, I'd like to ask Mr. McIntosh his opinion on the recommendation that a single assessing authority be established in the Province of Manitoba, an independent assessment authority.

MR. J. McINTOSH: That was what we were supposed to have when we got Chapel for all except the City of

Winnipeg. That was all supposed to be across the board then, but it didn't just quite work out that way.

MR. CHAIRMAN: Further questions?
Mr. Gourlay.

MR. D. GOURLAY: So you're not really opposed to seeing that implemented then?

MR. J. McINTOSH: No, not just one assessment for to do the City of Winnipeg and all the province because if you're only going to bring the city in on it - I didn't do much research on the city, only a couple of houses, but I've seen it was out of line in the city because in St. James that house will be quite a bit higher than it was in St. Boniface and it was an older house.

MR. CHAIRMAN: Further questions? Mr. McIntosh, thank you very much for your presentation.

The next name on my list is Mayor MacLean and Deputy Mayor De Groot, City of Thompson.

MAYOR MacLEAN: Thank you, Mr. Chairman. I don't know if everyone has a copy of our submission, I think they're on the way.

MR. CHAIRMAN: They're just being distributed.

MAYOR MacLEAN: I would like to thank the Chairman, Mr. Minister and the committee for hearing us this morning. After getting up at 5 o'clock this morning and driving in, we've had a long trip.

MR. CHAIRMAN: Could you speak a little louder, sir?

MAYOR MacLEAN: That review of matters concerning the assessment of property in Manitoba for the purposes of property tax is long overdue, is not in dispute. The report of the Assessment Review Committee in March of 1982 has received careful study by the council of the City of Thompson.

After scrutiny, the City of Thompson finds itself questioning the purpose of using market value rather than replacement cost in determining valuation. Thus, we find ourselves at odds with a basic tenet of the report.

Certainly the council of the city recognized that many positive and needed reforms are recommended in the report and wish to commend these.

In order to place our views before the Minister, we feel we should outline some of the matters which will affect assessment in Manitoba, north of the 53rd. We are well aware that there appeared to be some dramatic potentials for shifts of assessment between classes in many areas of rural southern Manitoba. Resolution of these matters will require a sensitive approach and we encourage this. However, the problems which are faced in more northerly communities are quite different but equally dramatic.

PROBLEMS OF VALUATION IN NORTHERN MANITOBA:

The majority of residents north of the 53rd live in relatively isolated communities and where the primary

industry is resource-based. As a result, values ascribed to property are not clearly related to a normal free market. Examples:

In Thompson, currently overbuilt for the existing population, the values of residential real estate are dependent upon the policies of CMHC as regards the placement of property on the market.

In some other communities the major industry funds mortgages and controls prices on sales and/or repurchases of housing.

Taken further, this is evident in Thompson when one examines what market value would do in the matter of an internal class shift between apartment residences and single family dwellings, see Appendix 1, which is on the back of the submission. The simple facts of life in Thompson at this time are that 801 apartments are unrented. Some 517 of these are "mothballed." Thus there's no real market for the sale of apartment blocks in Thompson at this time. Further, single family residences, while undoubtedly depressed at this time, are sustained by virtue of approximately 130 homes held off the market by CMHC.

Compounding these problems is the fact that commercial real estate is not protected in the same fashion, thus market value for this class of property is quite low at this time.

Our purpose is not to claim uniqueness for our current problems in Thompson, but rather to point out that in northern single-industry communities the "boom-bust" cycle makes market valuation an artificial creation at almost any point in time.

We point out, in addition, that "market value" applies only in an arbitrary way to many special purpose buildings like post offices, recreation facilities, meeting halls, etc. In such cases, replacement cost serves more clearly and understandably.

EXAMINING THE ALTERNATIVE:

There is considerable sympathy among council for the ambitions of the Assessment Review Committee to make valuation understandable to the property owner. The Council suggest that it is equally important, however, that regardless of the method of valuation used, the basis for comparability must be present.

Therefore the Council of the City of Thompson recommend re-examination by the Department of Municipal Affairs of utilization of valuation of buildings by estimation of replacement value based on Winnipeg costs.

Because of pressures imposed by the Education Support Program there is concern with the penalty of higher construction costs outside of Winnipeg and especially in Northern Manitoba. So long as the Education Support Program is in place, adjustments will be required to equalize assessment issues.

We feel that replacement value, regardless of the vagaries of the real estate market at any point in time is a fair and equitable way to base real property taxation.

We regret that we must criticize the Assessment Review Committee for not taking more fully into account their rationale for applying market value assessment in northern communities - or indeed, any community in which market prices may fluctuate wildly in comparison with others. The committee in its report suggests that simply updating values to 1979 levels would result in shifts between classes. These shifts also

occur with the use of market value assessment and recommendations are made for proportioning in order to control on average these shifts. The Council of the City of Thompson hypothesize that utilization of full replacement values would not present the same degree of shifts and where such would occur, a similar basis for proportioning could be examined.

Clearly, it is our view that northern communities must be better convinced of the purpose for a change to the use of market value assessment as opposed to a method which would utilize replacement value for developed property.

Deputy Mayor De Groot will read the next portion.

MR. A. DE GROOT:

OTHER VIEWS ON THE REPORT OF THE ASSESSMENT REVIEW COMMITTEE REPORT:

While the City of Thompson is critical of some of the major and underlying recommendations of the report, we feel there is some merit to several recommendations regardless of the methodology employed to determine property valuation.

First, it is recognized that regardless of valuation method it is possible that some tax shifts may occur between classes of properties or more particularly within property classes. Any responsible reform of current problems requiring a "phasing in" of changes to correct the problems - the recommendation of a four-year period for this purpose makes sense to us (Recommendation III-C-4). We are certain as to how properties which might be currently overvalued could be adjusted immediately, however.

The second recommendation, IV-A-2, which deals with grants and exemptions of certain charitable and other "organizational" properties is acceptable to the City of Thompson.

Third, as was evident in a survey of the Assessment Review Committee, there are mixed views within our council on the matter of the creation of a board of revision rather than having council sit annually as a court. A majority opinion favour the creation of boards of revision, but we are of the view that the number of appointed versus elected members of such boards should be at the discretion of the local council.

Fourth, our council endorses recommendation VII-B-2 which sees a range of percentages for business tax established by the Lieutenant-Governor-in Council and the actual percentage chosen annually by the municipal council.

Fifth, we question the value of retaining the levy for the Education Support Program. We feel this causes many misunderstandings and ill feelings concerning assessment and taxation between communities. We understand that taken on an overall basis the amount raised by taxation for the Education Support Program is roughly equal to the cost of the Manitoba Property Tax Credit. Elimination of both of these programs might not be a significant cost. It would utilize property tax for community or other area needs and it would continue policy directions to minimize costs of education on real property taxation.

Finally, the council expresses regret that there appeared to be no creative attempts to address what

is always an annoyance to the taxpayer. Example, when they purchase a house and improve it, a reassessment follows and results in higher property taxes. Some action which, incorporate assessment delay, at least softens this problem should be addressed.

As a proposal, the City of Thompson would encourage the consideration of permissive legislation in the Municipal Assessments Act and/or the Municipal Act to allow municipalities to conduct a home improvement assessment delay program with support from the Assessment Branch. Under such a program, homeowners who make non-structural improvements, such as recreation rooms, painting, recarpeting, insulation, siding, etc., to developed homes with a reasonable period of obtaining a building permit would be entitled to up to a five year period before added assessments, as a result of such work, his placement on the assessment rolls unless the property changes hands within that period.

CONCLUSIONS:

The City of Thompson acknowledges the necessity of reform in the manners of assessment at this time.

The City of Thompson takes issue with the implied equity of the use of market valuation of property as proposed by the Assessment Review Committee and urge a fuller review of the utilization of full value replacement as a method of valuation.

The City of Thompson urges positive consideration of other recommendations as noted.

In these actions, the Council of the City of Thompson believes there is also support to be found from other areas north and south of the 53rd. While we point out that change is long overdue, we urge our provincial government to examine this matter fully and not to impose a new set of methods which will pose greater problems for people in the northern half of the province.

Finally, should our government find themselves still in support of the use of full value assessment principles, we urge much greater attention to the problems of "artificial assessment" in northern communities and to recognize that we must set out special pleadings for special consideration.

Thank you very much.

MR. CHAIRMAN: Thank you very much, Mr. MacLean and Mr. De Groot. Any questions from the committee members?

Mr. Adam.

HON. A. ADAM: Well, first of all, Mr. Chairman, I want to thank Mayor MacLean and Mr. De Groot, Deputy Mayor, for the work that you have done to prepare this brief. It's a well put together brief and I want to commend your efforts for doing so. Also, we have to apologize for you getting up at 5 o'clock to come to The Pas, but we had to get up at 6:00 too, so we're only one hour apart on that.

Getting back to your brief, it seemed you are opposed to moving towards market value for assessment purposes and you tend to support rather going to replacement value. I'm just not clear on what the difference is, but I believe that I would have one concern. I am trying to understand and I think that a replacement value would not be the same in all areas. It seems to me that replacement value in Northern Manitoba may

be much higher than replacement value in Dauphin, or Ste. Rose, or even Winnipeg. Your costs are higher in the North, and I'm just wondering if you have given that some consideration, because I think what the report is recommending is that a house is a house is a house. You see, the market is depressed in Thompson at the present time - a \$50,000 house may be only worth \$40,000 - as opposed to down south where they don't have a one-industry town. But when it comes to replacement value I'm just not clear on that. I would want to have more studies on it.

This is the first brief that we've had that makes the suggestion and we certainly want to thank you and we will certainly give your brief and your views serious consideration when we do come up with some kind of recommendations and changes of the legislation.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: Yes, Mr. Chairman, I'd like to ask - Doug is his first name? —(Interjection)— Adrian, would it not be true that the replacement cost would be much higher than the market value at the present time?

MR. A. De GROOT: We recognize that the committee is trying to get a more understandable method of assessment and we recognize that perhaps the replacement cost is greater in the City of Thompson. What we are basically concerned with is the massive tax shift, as indicated in the appendices attached. This tax shift would not occur, either remaining with the status quo or making that a little easier to understand, or going to replacement value. Just basically, what was described earlier was talking on assessment and then the values or the mill rates, according to how much of a levy you have to impose on the residence. With the replacement value, we wouldn't see the shifts in burden of taxation as we see with the depressed market or the fluctuating market in Northern Manitoba.

MR. S. ASHTON: . . . Mr. MacLean, or Mr. De Groot, or Mr. McEwen could explain the appendices. That seems to be the Statistical Analysis of this particular shift that Mr. De Groot just made mention of, perhaps just summarize what the impact would be and why would that shift take place? I think there is some mention in the text, but I wondered if you could explain it a little further for members of the committee.

MAYOR MacLEAN: Just before I answer that, Steve, I'd like to say to Mr. Gourlay, we were estimating our replacement costs on the Winnipeg values. You'll note that on Page 3 in the fourth paragraph, we were estimating on the Winnipeg costs.

Mr. Ashton, I think you were asking about the values of property on the Appendix, the depressed market value or the normal market value.

MR. S. ASHTON: Well, basically the analysis, the rationale behind the shift; obviously, there is a shift indicated by the figures to residential. I notice an increase of 29.2 percent listed a decrease on the assessment on apartments.

MR. D. McEWEN: Mr. Chairman, Doug McEwen, the City Clerk. You have two documents before you and,

Mr. Ashton, essentially I think is asking a question that's helpful from the point of understanding what happens in Northern communities, because the two sheets, if you take them together or side by side rather, do an excellent job of indicating what happens in the kind of situation we have currently in Thompson where, as Mayor MacLean pointed out, we are somewhat overbuilt in the real estate values that we have. On that basis, the real estate market is quite low, there is no market for apartment blocks. We have a large number of them closed, so that the question of what a market value is means that you put a very low factor when you go in the direction of a market value. On that basis, you have a rather dramatic shift.

You can see it on the sheet headed up "Depressed Market." That shift is not as dramatic under the normal market situations but you can see a shift and a decrease, for example, on a three-storey apartment when you come to taxation dollars. I appreciate that's really the way, unfortunately, in which most people still understand it - of essentially some \$5,134.70. That's how much of a decrease in the taxes if we were raising the same amount of money this year as we raised last in the City of Thompson from that particular unit. At the same time, the issue then on a single family residence of an average size means that there would be an increase of some \$318.19 of taxation, so that the impacts to the taxpayer by that tax shift within one class poses a severe kind of a problem. It reemphasizes, I think, the issue of the difficulty we face when we attempt to apply market value in the current depressed situation in Thompson, albeit we recognize in a normal market it is not as severe.

MR. S. ASHTON: So basically the problem, as indicated in the statistical tables, would stem from the fact that there is an artificial control on the supply of houses which has driven the price of houses higher relatively than apartments where that control factor is not in place.

I was wondering, on the other side of the coin, whether you've done any analysis of whether a move to market value, or what the move to market value would do to the Education Support Levy. I noted in the brief that there was some mention of the fact that city council would prefer not to see the Education Support Levy in place but obviously, if there was a shift to market value in assessing properties, that would have a bearing on the Education Support Levy to a fair extent. I was wondering if there is any indication to what extent it would affect on present values.

MR. CHAIRMAN: Mr. MacLean.
Mr. McEwen.

MR. D. McEWEN: The issue, I think, is that certainly the depressed market issue, our percentage of all assessment in the province reduces, and presumably then our share on that basis reduces. We recognize that. I think our concern is, and the reason it was raised is one of principle because we're not suggesting so much the question of what is Thompson's fair share in that regard or even what is the Northern fair share, but in point of fact, the question of the difficulties it poses in the understandings between communities and

the kind of fight that goes on that says the assessment in our town has suddenly become higher than the assessment in your town and therefore we have to pick up this added cost. Those types of things, I think, produce a considerable amount of concern, and so what we're saying is, if there is any way that type of levy can be avoided, I think you greatly simplify the issue of property taxation in our province and we appreciate that there probably has to be a way in order to meet those kinds of costs. We regret it, of course, in having to suggest that you would take money that currently is given to homeowners away again, but in point of fact, many might benefit in the net . . .

MR. S. ASHTON: The reason I raised that particular question, Mr. Chairman, is that in terms of the present situation in Thompson which I would foresee existing for quite a few years because of, say, a comparison between the amount you pay under the Education Support Program either on replacement cost or market value, obviously a shift to market value would decrease that assessment and decrease the Education Support Levy paid by local residents. Perhaps the figures here, when it mentions school tax, is that local school taxes or is that ESP and local school taxes grouped together?

MR. D. McEWEN: I don't know for sure but I expect that the figure is total taxes as related for school purposes which would include both the foundation and the local groups as levy.

MR. S. ASHTON: Okay, that's the question I had.

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

MR. R. BANMAN: One of the suggestions that you make with regard to a problem that I guess has confronted all municipal people and has been an irritant to everybody is the one of improvements in houses. That seems to have been raised not only by yourself but by people in Souris - and yesterday also. One of the people in Souris suggested that an avenue to maybe try and rectify that is to assess the house 50 percent on assessment basis, 25 percent on square footage, and 25 percent on frontage, which would, I guess, provide some incentive and at least provide some relief to an individual that is going to be doing a fair amount of landscaping and whatever. I think the other thing that should be pointed out, I think the report mentions that soft improvements, in other words, trees and painting and landscaping and that type of thing, should not be considered as part of the assessable portion of that whole thing. I guess I have to say that I agree that should be one of the top priorities right now, to try and make sure that people who do want to beautify their homes do get a bit of a break, instead of being almost penalized for keeping their house and their yard in fine repair and shape.

I appreciate those comments in the brief.

MR. CHAIRMAN: Any further comments or questions? Seeing none, gentlemen, thank you very much for your presentation.

MAYOR MacLEAN: Thank you, Mr. Chairman, and committee.

MR. CHAIRMAN: The next name on our list is Mr. John Bodnar, Reeve of the Local Government District of Consol.

Mr. Bodnar.

MR. J. BODNAR: Mr. Chairman, just to cut this fast, this morning when I came in here, really, I was going to stand up and say, "Dear Mother, I'm sending you \$10 but not this week", because I didn't really have a presentation other than I want to make a verbal comment. However, since then I had a chance to go back to the office and give you at least the thoughts, the general thoughts, of the LGD of Consol.

Now the thoughts on the matter - I see everybody's got that - I'll just read it slowly and then questions can be asked if they so wish.

The source and the yields of public revenues at any given time are necessarily limited by the type and extent of regional income and wealth. During the 40 or 50 years our area has naturally undergone marked changes; not merely in the amount, but in their industrial, agricultural origin and the facilities with which they have been taxed.

Further, the attitude of the population towards payment of taxes has changed considerably with the reclamation of lands in our area for agriculture production and the development of pulp and paper mill and other industrial services. There has been a number of changes in the property assessments.

First of all, on a property and later on, the real property was formulated by assessments that formulated three studies made on properties, both urban and rural, being 50 percent of the Manitoba population living and working the lands 100 miles north of the American-Canadian Boundary.

Or, 90 percent of the Manitoba population in urban and rural, 260 miles of the United States boundary, and again at a later date the new assessment was established at two-thirds value and now we are awaiting the results of yet another formula of assessment being an open market value to be established from the 24th month period preceding the year in which the value of property is being established.

Our concerns with the assessment formula is primarily in a geographical location and the limited opportunities to extend and produce as economically and productivity with our neighbours in the south.

While we have no specific recommendations to make here today, we would appreciate your considerations in the statistical analysis on the results that may occur if our lands and buildings are included in a property classes with the Pembina Triangle or the Red River Valley where the total agriculture per acre expense of land preparation and harvesting is only about 60 percent of our lands in the same type of grains.

Now, gentlemen, I'm quite prepared, aside from that, to tell you this: That we are in a reclaimed area; we are very unique; we have 138,000 acres. The Canada Soil Tests clearly states that soil 2 and 3 is approximately 80,000 or 75 percent of the total acreage. The other 25 percent is 3, 4, 5 and 7W. Now, my purpose in bringing this up to you is that every year since I've

been a reeve we have a number of farmers that are coming in to the Court of Revision and we have to make adjustments. The adjustments are very very painful at times because of the salinity that's coming up that was not considered at the time that the two-thirds assessment was made that it would ever happen.

It's these things that I want to bring to you that are very very sensitive to an overall policy that, as I understand it, there will be classifications and what-not in it, but there are things that I'm bringing up that I wish you'd consider.

The formula, as I see it, may limit the base of what I would call economical returns to our farmers if we are classed as a matter of fact with the Red River Valley. I'm not saying that you're going to class totally, but the formula is there when you get the assessor that comes in - and I know the assessors and I'm not critical - he will look over the lands; he'll assess it; he has a book to follow. Now, when you think in terms of where it costs \$85 an acre for a man at Pembina Triangle to take his land and put it into production - I hope some of you fellows are farmers so you can contradict me if I'm wrong - his total, including fertilizer and seeds, is about \$85 an acre. In our case, I have examined figures; it costs \$120 an acre. Again, the land assessment is something that it's not a house that you look at. It's very sensitive; you must give a lot of considerations to it.

With this, if there is any questions, Mr. Chairman or Mr. Minister, I'd be happy to clarify it.

MR. CHAIRMAN: Thank you very much, Mr. Bodnar. Any questions or comments by members of the committee?

Mr. Adam.

HON. A. ADAM: Thank you, Mr. Reeve. You mentioned in your brief that you are not prepared to make any specific recommendations today in regard to the report, is that correct, or could I dare ask you if you would care to give us an opinion on the valuation of outbuildings?

MR. J. BODNAR: Yes, I would. First of all, the outbuildings are again only as valuable as the productivity of the lands. In other words, if you have a small farm and because you had a bumper crop and you got six cylinder type of storage, then you fill them, but the next year you only have three filled, I don't think I could agree with that, simply because - at least in our district - most of the cylinder type or other outbuildings are not fully utilized.

HON. A. ADAM: Yes, on the second question would be the exemption on the farm buildings. I believe most of them are assessed now here - they are.

MR. J. BODNAR: Well, this, Mr. Minister, is one of our big problems again in the Local Government District of Consol, simply because there is a lot of small landholdings - what I mean small, it could be 160 acres - and as a result, they were stranded without being able to get more lands. It became necessary for the farmers to look for jobs and these jobs, particularly at the mill, bring in a greater income from out than on

the farm, and as a result, this taxation that we're referring to is not really attractive. It's a circumstance, gentlemen, that I want to point out that we are little different than Swan River - I was going to say Swanee River.

HON. A. ADAM: On the valuation, and I believe you referred to the uniqueness here as opposed to the Pembina Triangles, I think that's what you were referring to was the problem.

MR. J. BODNAR: That's correct, Mr. Minister. First of all, we are reclaimed. We are controlled. We are boundaried by various circumstances that prevent us from expanding. Our tractors cost equally as much in The Pas as it does in Red River Valley. What I am saying, is because of the limitations in the reclaimed areas, we must be given special considerations.

HON. A. ADAM: Thank you very much.

MR. CHAIRMAN: Further questions. Hearing none, thank you very much, Reeve Bodnar.

Although we have just passed our scheduled hour of adjournment until 2:00 p.m., I'm going to ask the committee if they want to consider hearing the remaining two briefs - the brief from the Town of The Pas, Mr. Moule, and Mr. Harold Ellingson who asked to be placed later on down on the list - rather than breaking for lunch at this point. What's your will and pleasure? Would you like to break or proceed?

Mr. Moule please, on behalf of the Town of The Pas.

MR. C. SUNDE: Before Mr. Moule begins, I'd just like to thank the committee for the opportunity to make the submissions. We participated, of course, in the MARC hearings when they were up in The Pas before and we have some thoughts for your consideration this morning in the paper that was just distributed.

MR. CHAIRMAN: Please proceed.

MR. T. MOULE: As we understand the Manitoba Assessment Review Committee Recommendations, they are attempting to provide a more equitable basis of assessed valuations throughout the province and to improve the inequities within the system. The analysis we have before us and the examples contained therein indicate the impact of MARC Recommendations in several sample southern municipalities using the 1982 actual assessments compared to: (a) full value or current value; and (b) portioned value.

Several factors were introduced in (a) and (b) in an attempt to, in some measure, equalize the assessed valuations. As no examples were used to indicate the impact in northern communities, we believe that the current economic condition in the country certainly is felt by all municipalities in Manitoba, but it has a more profound impact on northern communities, shifts upward and downward in the economy has a direct effect on property valuations in a larger measure where municipalities are dependent on one industry. This situation is prevalent in Northern Manitoba and therefore the shift upward and downward in current property values would be much greater. We would

suggest that the analysis include northern communities and that we be provided with the analysis and also comparative figures with southern municipalities.

Just as a side remark, this was the intent of looking at construction value replacement value in northern communities with one industry, rather than the market value. I think this is the section that the City of Thompson has alluded to and we would also agree with that.

It would appear from examples in the analysis that in Steinbach the trend in total taxation, comparing the portion of taxation to actual taxation, is down in residential and small commercial, and up considerably in the larger commercial. In St. James-Assiniboia, total residential is up 14 percent, commercial is down 5 percent and the apartment taxation is down 44 percent. In Melita, residential on the average is down 4 percent, while commercial is down 24 percent. The inconsistent upward and downward movement in taxation between the centres occurs as a result of the impact of farm assessment upon the school taxes. We can therefore assume that there is a very significant shift in assessment levels affecting taxation in direct proportion to the amount of farm properties adjacent to the municipalities. This, we believe, is a factor that is perceived to be inconsistent with the objectives of MARC. It really matters not what the assessment valuation is determined to be nor what the mill rate is struck in an individual municipality. The bottom line is - what do I have to pay in taxes for a comparable home?

In Northern Manitoba where farmland is almost an insignificant factor, what is the impact on the Manitoba Assessment Review Committee's recommendations as forecasted in the study? In many instances, where municipalities are required to complete statistical information forms where it originates from the Provincial or Federal Government, at least part of the questionnaire - what is your mill rate? A mill rate is always translated in terms of assessed valuations which is directly rated to the total assessed valuation of the municipality. The assessment valuations are provided by the Provincial Assessment Branch. In fact, what they are asking is what is a person to pay in taxes for a specific parcel of land and/or building in that municipality.

The level of taxation is directly related to the service provided in any given municipality. It all depends on the level of education adopted by a school board and the level of services adopted by the council for municipal purposes. This level of services depends on the school board and the municipal council which may differ from municipality to municipality. We believe that an assessed valuation should be equitable within a municipality but not necessarily within the province.

Very briefly, we would refer to the Commission headed by Roland Michener some years ago in which he advocated the taxation of all property, presently exempted properties. While you're considering to exempt farm properties, we would suggest that you also consider properties exempt from taxation within municipalities.

As a summation, whatever the basis of the calculation of assessment valuation is determined as being acceptable, the amount of taxation in a given municipality will be determined by the requirements of

each municipality in providing the level of education by school boards and the level of municipal services by councils in those municipalities. It is conceivable that two separate tax bills would be prepared. Due to the complexity of arriving at assessment valuations for school purposes and municipal purposes, individual tax bills for each of the two services should be issued by each of the corresponding taxing bodies. Each should be responsible as to the accountability of the respective requirements.

MR. CHAIRMAN: Thank you, Mr. Moule. Questions by members of the committee or comments?
Mr. Gourlay.

MR. D. GOURLAY: Yes, Mr. Moule, I was just interested in your comment here about - "We believe that an assessment valuation should be equitable within municipalities, but not necessarily within the province." I was just wondering in The Pas area here, what areas make up the local Kelsey School Division?

MR. T. MOULE: The total area is the Town of The Pas, including the Local Government District of Consol. That's the two main portions and also the Indian Reserve as a separate identity and they contribute in a different manner in the taxation.

MR. D. GOURLAY: With this comment that you have made then, would it not then be important that there be some equalization of assessment between municipalities, as well as within the municipality.

MR. T. MOULE: I wasn't, or at least we weren't alluding to the fact that there should be no equitable or relative comparisons to the rest of the province or within the province. What we're saying is, it is more important that the properties within a municipality are equitable.

When a person, as I perceive it, a person say moving to the City of Winnipeg and they're looking for a home, I don't think they would say what is your assessed value of your house or your home. What they want to know is what do you pay in taxes and what am I going to pay in taxes? So that mill rates and assessed valuations become insignificant in that respect, although the basis must be consistent or there be some consistency.

MR. CHAIRMAN: Mr. Ashton.

MR. S. ASHTON: Yes, when you mentioned that you believe there should be equitability within the municipality, not necessarily within the province, are you basically saying then that you would like to see some ability for the municipality to adjust for class shifts - you know, from one class of property owner to another? For example, the City of Thompson indicated in their brief that there would be a shift, if we shifted to market value assessment, between homeowners on the one side and apartment building owners and commercial properties on the other, are you saying that there should be the ability there for the municipality to balance that to portion the taxes, or are you arguing more in terms of the overall amount? Are you looking at the assessment side or the tax side?

MR. T. MOULE: Well, I think it was either Mr. Clarkson or Mr. Brown who actually, I think, answered that partly

in our minds that there should be a factor introduced by area and I believe this is what he was talking about, that the factor in Northern Manitoba or in parts of Northern Manitoba would be different than they would be in southern Manitoba or some other areas.

MR. S. ASHTON: So you would like to see some flexibility . . .

MR. T. MOULE: There should be some flexibility and adjustment, and I think, especially in Northern Manitoba, which was pointed out by the City of Thompson, there are factors which affect property valuations in one-industry cities and towns.

MR. CHAIRMAN: Thank you. Mr. Kostyra.

HON. E. KOSTYRA: Thank you, Mr. Chairman. With respect to point 4, where you're suggesting that all properties that are presently exempt from taxation be taxed, it seems to me, or at least my information is that with respect to municipal taxation, there isn't all that many exceptions outside of the Provincial Government, hospitals, school boards, and churches, that there's far greater exemptions with respect to the school taxation. So I'm wondering, one, what would be the impact on that, say in the Town of The Pas, because with respect to the provincial government there's grants in lieu of taxes, and secondly, with respect to school board properties, that would just be a shift obviously from what's paid directly to the municipality and what is raised through the school tax levy.

So I'm wondering what the extent of those exemptions are, because basically the Weir Commission is recommending that the number of exemptions still exist, although they be standardized throughout the province, both with respect to municipal and school board taxation.

MR. T. MOULE: I believe what we're saying is that we recognize the Assessment Review Committee are looking at and are considering the exempt properties, they have considered that in their reports. What we're asking, I guess, or suggesting, are you giving any further consideration to any other exemptions which may exist that can be included? Municipalities provide services. They provide services to everybody in the municipality, and there may be some exemptions recognizable that are receiving those services, but not paying for them, that could be included as a taxable property. We're just asking them to look at the whole picture, and I believe that's what they are doing.

MR. R. BANMAN: Along that same particular line, Mr. Chairman, are there any particular facilities, buildings or properties in mind that we're talking about in this particular clause that you've brought forward?

MR. T. MOULE: Yes, there is one group of buildings and I don't think we want to be critical, we're trying to be positive in looking at the aspect of taxation. We have a Health Complex which is made up of St. Anthony's General Hospital; Rosaire House, which is a detoxification centre; we have some nurses' residence; and we have an elderly persons home. They're all

located on hospital property, which is included in the Health Complex which is exempt from taxation. The more of these types of facilities that are provided, and I guess at times you find your communities being a centre for a lot of this type of thing, there should be some method of payment of municipal services, at least an exemption from school taxes, but for municipal purposes, I think that the nature of it, the complexity of it and the size of it warrants some form of taxation.

MR. R. BANMAN: The other thought you raise in your summation is one, of course, which I guess municipal councillors over the years have been putting forward and has been sort of a sore point with municipal people right across the province and that, of course, is the legislative requirement for you to pick up the costs for the school division. I guess what I'd have to ask you is do you think there would be any merit if the responsibility for the collection was still left with you but, as you mention over here, the two separate bills could even be put in the same envelope?

MR. T. MOULE: This question quite often comes up especially at this time of year. Tax bills are being prepared and are going to be mailed out very shortly. I believe from the council's point of view, and Councillor Sunde can comment on that also, if there is a tax increase and it happens to be school rather than municipal - of course, the councillor being held accountable individually and collectively for that increase over which they have really no control of - maybe Councillor Sunde would like to maybe comment on that.

MR. C. SUNDE: We realize, of course, it's not within the mandate of this particular meeting. We have raised it with the MARC and with other meetings we've had with Cabinet, this government and the last, but it is a concern of ours when the mill rate is set and when the demand from the school board comes in that the public perceives it as coming strictly from the municipality. We take the flack, or else we're the people responsible for making cutbacks to accommodate whatever that they might see as necessary. Regardless of the fact that it might not be within your mandate, I hope that you can continue to relate that message to the powers that be.

MR. CHAIRMAN: Further questions.
Mr. Banman.

MR. R. BANMAN: Well, I guess I should just point out even though that it does stray somewhat from the mandate of the committee, one of the main recommendations, and I think which is a good one the report makes, is to break down the tax statement much more thoroughly than it is right now to give it some meaning to the average person. I guess that's one of the reasons they came up with the market value of a property because somebody understands it. You open your tax statement now, everybody and I agree with the comments you made before, is that you look at the bottom line and nobody really knows how that was arrived at, whether at mill rate or assessment or what it is. I guess even though it is not within our

responsibility, it's one of the recommendations that the report does make to try and make people more aware of where the tax dollars are going and how that tax dollar final statement is arrived at.

MR. C. SUNDE: I couldn't agree with you more in that recommendation. The more clarity you have, the better.

MR. CHAIRMAN: Further questions.
Mr. Plohman.

HON. J. PLOHMAN: It's not really a question, Mr. Chairman, but a comment. We've heard a number of people in Souris and in other areas since we've had these hearings that suggest, and I think that's the prevalent opinion, that the value of property should have nothing to do with the amount that is paid by the people for education. Perhaps here you're suggesting breaking it down and isolating it even further where there's the other opinion that says that property value should have nothing to do with the amount of taxes paid by those people for education. Perhaps you have a comment on that.

MR. C. SUNDE: We've never considered that particular point and we never discussed it, so I can't offer anything at this time.

MR. CHAIRMAN: If you do wish to make contributions on that topic, since it's not before this committee, you may wish to make them direct to Dr. Glen Nichol, who is conducting a special study on education and finance for the Minister of Education.

Any further questions? Thank you very much, gentlemen.

Mr. Harold Ellingson, Reeve, Rural Municipality of Swan River. Mr. Ellingson.

MR. H. ELLINGSON: Thank you, Mr. Chairman. I'd like to thank you for being able to move down here. I've been fighting the flu and shortly after I arrived here, I began to get sick and chills and I feel somewhat more comfortable now the heat's turned up.

Certainly I was more enthusiastic over this Assessment Review at the beginning than I am in the final analysis - I've got to be honest with you. When the hearings first began and these ideas were put forward, what are your thoughts, your comments on them, I was very enthused, I thought there was some merit in it. But when you read through the final analysis, and all you've got to do is read the summary in the back of the page, and where it indicates there's going to be a shift to the farm property, this cannot be tolerated and I would urge the powers that be to move slowly and examine this very, very thoroughly.

One thing hasn't even been touched on here today is that under the old Assessment Act urban was to be assessed at two-thirds of the present value in exchange for farm exemptions on buildings. In the analysis this has become an assumption rather than a fact. I find this hard to believe that provincial assessment can assess for those many years and get that far from the Act. We all know over the years how the urban has grown and what one-third of that assessment means and farm buildings have dwindled. Now the

recommendations of MARC is to remove the exemptions and put farm buildings back on, but I ask the question, where is this one-third of urban assessment? I think that should be examined very carefully.

The idea of the full value assessment, I'm not so much against the full value assessment, but I have some hang-ups on how you're going to arrive at this full assessment. Is it just a matter of stroke of pen and a few multiplications here and there, or is it really going to be a true value, full value assessment?

I certainly have no quarrels with the idea of putting farm dwellings on the taxable. Under this present system it can't go on, there's too much on one year, off the next. Another comment I'd like to make on that is, how they arrive at whether they are taxable. It's 51 percent of your income, it doesn't matter if it's 51 percent of \$10,000, 51 percent of \$60,000 - it's just 51 percent - and I think there's a big difference there. A man can have one-quarter section and go out and earn \$8,000 on the side, but it may be 51 percent more than his net income on the farm, and in another case of a larger operator, he can go and make \$20,000 off the farm but below - it can be 48 percent and his house, by law, is exempt. So I think that should be done.

The idea of exemption for outbuildings, or even outbuildings being taxable, I have a lot of questions on that, especially the exemption because of the discrepancy that could arise - you might have a good set of buildings on a low assessed quarter, therefore your exemption is very low and I think there are a lot of things that have to be looked at in the matter of taxing outbuildings and the matter of exemption.

I certainly recommend that Crown land, this was discussed earlier here, that it should be grants in lieu. Maybe I could explain, I think what was trying to be debated back and forth here was that unimproved Crown land isn't going to matter a whole lot to municipalities because you're going on full value. An unimproved quarter, what is the full value, and if you take 8 percent of that of land it really is not too much, but I think that some of this Crown land when it's frozen and municipalities have ideas that it should be used for other priorities, when that is, then it would become developed and then it would be of some value. Not so bad if it's on the fringe area, we're bordering the parks, the Provincial Park and the Duck Mountain, not so bad if it's on the border, but we have Crown land out in the middle where you have service roads on two sides of it and there's little contribution to the service of those roads, yet they're provided by us. I think that would explain what he was meaning by it, when it's unimproved it isn't going to be a great big factor either way, but at least we should have something on it.

That concludes my brief.

MR. CHAIRMAN: Thank you very much, Mr. Ellingson. Any questions or comments?

Mr. Blake.

MR. D. BLAKE: Yes, Mr. Ellingson, you would seem to agree that something has to be done in assessment. The review that we're discussing and made some 164 recommendations, probably not all of those are ever going to be implemented, but there are quite a number

in there, I gather from your remarks, that you could live with and feel that they may be helpful in sorting out some of the problems with assessment today. Would that be a general observation that you feel something has to be done to update the assessment process as it now stands?

MR. H. ELLINGSON: Yes, that was a basic contention of my brief, that I was very enthused at the idea of getting something started and looking at it but what are the results. I know these are only preliminary results and they're not going to be mandatory, but I can't live with the findings of these. I caution you to move slowly and do a little more research.

MR. D. BLAKE: That's right, I don't think there is anyone that would want to see taxes on farmland increased in any way, shape or form. There seems to be a general agreement that a residence probably should be assessed regardless of whether it be on a farmstead or in town and that seems to be a pretty general consensus, but I don't think there is anyone who would want to see the tax load increased on the farm community because we're well aware of what's happened there in the past number of years. I compliment you on coming all this way to present a brief to the committee and give us your views.

MR. H. ELLINGSON: If I may, Mr. Chairman, I'd like to make a comment on that. I was glad to hear that this Glen Nichols, I know it's off the subject, in regards to the school tax, but when you're going to make a shift of assessment like this under the present system and your school tax is based on that, it becomes a very important factor because you can have a man in an urban centre, in a town, with an \$8,000 assessment on a home and the amount of income generated there is pretty near unlimited you might say. It could go anywhere from \$20,000 to \$100,000 depending on how many residents are living there. It could be a man and wife and two kids living at home and generating income, yet he's only contributing to the education system on \$8,000, but anybody knows that on farming you cannot generate near a living with \$8,000 worth of assessment. You're looking at twenty and more thousand dollars worth of assessment. Your returns are nowhere near that proportion.

HON. J. PLOHMAN: Just a question with regard to the exemption for outbuildings and farms, the recommendation was made that the exemption be to the value of the land that the buildings are situated on. Would you agree that would be a fair way to provide for an exemption on outbuildings, or do you think there should be another way?

MR. H. ELLINGSON: In my brief I touched on that and I have some hang-ups on that, because there's going to be inequities in the system. As I mentioned, you're going to have a good set of buildings on a low assessed quarter of land and therefore a very low exemption. I haven't got the answer to that, but I feel that maybe you should have thumbs on there, but how to arrive at that exemption, whether it be a basic dollar value exemption as it expressed here before, that might be better.

HON. J. PLOHMAN: Yes, basically that has been coming through on a number of occasions within these hearings so far and I wanted to get your views on it. I think there's no doubt that I agree with you.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: I just want to make a comment that I totally agree with your comments. I really appreciate them. I also have the same concern that you indicated before, you know, where the city is getting the one-third exemption, where it seemingly does not apply to the rural residential buildings as well, and these are things that I think we'll have a good look at. I appreciate your comments.

MR. CHAIRMAN: Mr. Gourlay.

MR. D. GOURLAY: Thank you, Mr. Chairman. I gather from your brief, Harold, that you feel that the statistical analysis given in the green book contradicts somewhat the recommendations as brought out in the report.

MR. H. ELLINGSON: That's my beef.

MR. D. GOURLAY: I wonder, after we've heard all the briefs, Mr. Chairman, that we may have further clarification on that situation. I don't think that was the intent of the - or the results really do not supposedly show that there is some contradictory results, and I wonder if we could have some further clarification on those points.

MR. CHAIRMAN: Perhaps, Mr. Gourlay, you might want to suggest that once we finish with the presentations and then at that time I'd be willing to entertain a motion to have further clarification.

Mr. Ellingson.

MR. H. ELLINGSON: Mr. Chairman, could I explain what I mean by that?

MR. CHAIRMAN: Certainly.

MR. H. ELLINGSON: Well, in the - and that goes back to our one-third exemption, is what I'm trying to say. We know that under the present Assessment Act you're supposed to be assessed at two-thirds of the value, that's on the Act. The urban has grown, you know, in what, 34 years that this Act has been in power, so one-third becomes a big factor. When you supposedly add that one-third on, you're adding on 50 percent of the assessment. I don't think that anybody can argue that 50 percent of the present urban assessment must outweigh the exemptions on farm outbuildings. That's what I'm trying to get at, those answers. In the analysis I don't think that shows it up, because they said it was assumption. I think it's in here, isn't it?

MR. CHAIRMAN: Any further questions or comments? Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: With regard to the statement you've just made, Mr. Ellingson, you're suggesting that

there is a shift then to rural Manitoba from urban Manitoba.

MR. H. ELLINGSON: There was either a shift now or else there was something dreadfully wrong with their - I mean things weren't being assessed according to the Act before.

HON. J. BUCKLASCHUK: Well, okay, I would just like to know whether you - do you not agree that the apportionment at 8, 15, 16 would take care of that shift and in fact brings it right back again, too?

MR. H. ELLINGSON: Well, it's obvious that I don't agree with it, because in the final analysis, when there's a greater shift going to the farm property, I can't see where that can be the case.

MR. CHAIRMAN: Any further questions or comments? Mr. Plohman.

HON. J. PLOHMAN: Yes, I think that just points out what has been the point that I have tried to make on a number of occasions in these hearings, that there will be in certain municipalities a tremendous shift, notwithstanding the fact that apportionment figures have been used for the province as a whole; that was what Mr. Clarkson was saying, but within municipalities, within school divisions, there's going to be, if these recommendations were implemented as they were recommended, there would be tremendous shifts and that point cannot be lost.

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

Mr. Gourlay, you wish to make a suggestion with regard to clarification of some of these matters.

MR. D. GOURLAY: Mr. Chairman, I think that we could probably leave that at the present time. I think Mr. Ellingson sort of indicated that his main concern was on the exemption part of it.

MR. CHAIRMAN: Then there being no further business before the committee - would you please come forward. Did you wish to make a presentation?

MR. K. JENKINS: Mr. Chairman, members, my name is Ken Jenkins. I'm the Secretary-Treasurer of the Town of Snow Lake. I would just like a point of clarification from Mr. Banman on a statement he made regarding the meeting in Souris. Was it a suggestion from one of the people that made that presentation that the assessment go on 50 percent housing, 25 percent square footage and 25 percent landscaping?

MR. CHAIRMAN: No, frontage and square footage.

MR. K. JENKINS: Oh, frontage and square footage, okay. At present there is no assessment on landscaping whatsoever, as I believe?

MR. CHAIRMAN: Perhaps the Minister could answer that question.

HON. A. ADAM: I didn't get that.

MR. K. JENKINS: There is no assessment presently on landscaping in residential or commercial assessment. I believe it only works on frontage alone.

HON. A. ADAM: Yes, there isn't at the present time.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: I would argue that there is. When the assessor comes and sees two houses built by the same developer in the same street, side by side, and the one guy's got a messy yard that doesn't have a lawn on it and doesn't have a tree on it and hasn't been painted properly and the shutters are hanging down a little bit, and the other guy has gone ahead and really done a fine job of fixing his place up and keeps the lawn well mowed and keeps some flowers, I think that all of us would agree that the guy that's looking after his property is really penalized for it, because the assessor will say this house is worth more and is going to be assessed more. So, while I'm saying there isn't tangibly something that is assessed, I think, and I think most municipal councillors will agree, that is one of the problems that you have, because when somebody moves in and fixes up a property, just aesthetically the value of the property goes up.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: That's probably a fair comment. It's not assessed, but if somebody was to come along and there were two houses side by side and one had a beautiful lawn with lots of flowers on it, for just about the same price or very little more you'd probably go for the one that had the nice trees, but I think it's a fair comment . . .

MR. R. BANMAN: That's all I was saying.

MR. CHAIRMAN: Mr. Jenkins.

MR. K. JENKINS: Just a couple of small points. We're very pleased with the performance of the assessment officers in Thompson, with their maintenance program, and that is when the assessment officers come into town on a yearly basis, they just catch up with what has to be - new construction, any renovations to the houses. Now, they're not meeting the five year new assessment program, and possibly it could be investigated if the new assessment program could be cancelled altogether under the present act and the maintenance program be developed to such an extent whereby the new assessment would be taken care of via computer. That would include such things as your land values and any increase or decrease in the market values of that particular town or municipality.

Out of the Minnedosa office I believe that over the last number of years with new assessment programs, a municipality, no matter what the size, we've seen

increases of maybe 5 to 7 percent, which hardly justifies the cost to that municipality of a full assessment.

The other point I have was with the present freeze that we're now facing in government with the economy. There is a lot of the area in the Department of Northern Affairs, etc., which is not assessed and which most of us from the North would certainly like to see assessed - cottages, lodges, etc. How would the department be able to supply the manpower to achieve this goal? It's going to be quite a job.

MR. CHAIRMAN: Do you have any further points or is that . . .

MR. K. JENKINS: No, that concludes mine.

MR. CHAIRMAN: Okay, are there any questions or comments for Mr. Ken Jenkins?

Mr. Adam.

HON. A. ADAM: We would take your suggestions under consideration. The recommendations recommend that we move to a computerized system as soon as possible and, of course, that is a desirable way that we should proceed, but I think before we can get something in place the administration and the kind of a computerized program with the right information and everything in it is going to take a few years, but the department's already moving in that direction. We've already got a consultant study done on that and there are more studies to be done if we are to implement a computerized system. It seems to me in this day and age that we're going to have to move in that direction sooner or later.

MR. K. JENKINS: Thank you very much.

MR. CHAIRMAN: Any further questions or comments for Mr. Jenkins? Hearing none, thank you, Mr. Jenkins.

Before we adjourn, just a couple of announcements. If anyone here would like to make a presentation to the committee and was not prepared to do so today, you can make a presentation in writing by mailing same to myself as Chairman of the Committee - just Andy Anstett, Chairman, Standing Committee on Municipal Affairs, Legislative Building, Winnipeg.

If anyone doesn't have a copy of the green covered Statistical Analysis, please take one if you're interested in having that as a reference material. As well, transcripts of all four meetings of this committee will be available as soon as possible and anyone who made a presentation will receive not only a copy of the transcript of this meeting but a copy of the transcripts of all four meetings held by the committee, so you can have a look at what everyone has had to say to the committee.

After mentioning that, Ladies and Gentlemen, I'd like to thank you all for being here, the committee certainly appreciates your input and we hope you'll be pleased when we finish our deliberations. Thank you very much.

Committee adjourned.

CITY OF THOMPSON

(Depressed Market)

| PROPERTY | Taxable Assessment | School Taxes | Municipal Taxes | Total Taxes |
|-----------------------------------|--------------------|--------------|-----------------|-------------|
| <u>Residence</u> | | | | |
| - 1982 Actual | 7,690 | \$ 509.07 | \$ 581.83 | \$ 1,090.90 |
| Full Value | 45,580 | 616.79 | 778.92 | 1,395.71 |
| Portioned | 6,840 | 641.48 | 767.61 | 1,409.09 |
| <u>Residence</u> | | | | |
| - 1982 Actual | 9,870 | 653.39 | 746.77 | 1,400.16 |
| Full Value | 58,660 | 793.79 | 1,002.44 | 1,796.23 |
| Portioned | 8,800 | 825.30 | 987.57 | 1,812.87 |
| <u>Apartment-3 Story</u> | | | | |
| - 1982 Actual | 75,550 | 5,001.41 | 5,716.11 | 10,717.52 |
| Full Value | 180,660 | 2,444.69 | 3,087.31 | 5,532.00 |
| Portioned | 27,100 | 2,541.55 | 3,041.27 | 5,582.82 |
| <u>Apartment - Hi-Rise</u> | | | | |
| - 1982 Actual | 296,500 | 19,628.30 | 22,433.19 | 42,061.49 |
| Full Value | 655,460 | 8,869.68 | 11,201.16 | 20,070.84 |
| Portioned | 98,320 | 9,220.84 | 11,033.87 | 20,254.71 |
| <u>Commercial</u> | | | | |
| - 1982 Actual | 14,150 | 1,225.96 | 1,070.59 | 2,296.55 |
| Full Value | 50,200 | 813.35 | 857.86 | 1,671.21 |
| Portioned | 8,030 | 841.31 | 901.16 | 1,742.47 |
| <u>Commercial</u> | | | | |
| - 1982 Actual | 100,050 | 8,668.33 | 7,569.79 | 16,238.12 |
| Full Value | 338,050 | 6,505.00 | 5,776.94 | 12,281.94 |
| Portioned | 54,090 | 6,343.52 | 6,070.20 | 12,413.72 |
| <u>Commercial - Shopping Mall</u> | | | | |
| - 1982 Actual | 1,490,850 | 129,167.25 | 112,797.71 | 241,964.96 |
| Full Value | 5,248,920 | 105,871.55 | 89,698.79 | 195,570.34 |
| Portioned | 839,830 | 101,697.00 | 94,249.08 | 195,946.08 |

*Material on this page and the following page has been produced for us through the kindness of the Assessment Branch and, like material contained in "A Statistical Analysis of the Impact of Selected M.A.R.C. (Weir) Recommendations", utilizes results of implementing certain recommendations of the Assessment Review Committee.

CITY OF THOMPSON

(Normal Market)

| PROPERTY | Taxable Assessment | School Taxes | Municipal Taxes | Total Taxes |
|-----------------------------------|-----------------------|-----------------|--------------------|----------------|
| <u>Residence</u> | | | | |
| - 1982 Actual | 7,690 | \$ 509.07 | \$ 581.83 | \$ 1,090.90 |
| Full Value | 45,580 | 528.13 | 654.03 | 1,182.16 |
| Portioned | 6,840 | 553.30 | 643.44 | 1,196.74 |
| <u>Residence</u> | | | | |
| - 1982 Actual | 9,870 | 653.39 | 746.77 | 1,400.16 |
| Full Value | 58,660 | 679.69 | 841.72 | 1,521.41 |
| Portioned | 8,800 | 711.85 | 827.82 | 1,539.67 |
| <u>Apartment-3 Story</u> | | | | |
| - 1982 Actual | 75,550 | 5,001.41 | 5,716.11 | 10,717.52 |
| Full Value | 349,080 | 4,044.79 | 5,008.95 | 9,053.74 |
| Portioned | 52,360 | 4,235.51 | 4,925.50 | 9,161.01 |
| <u>Apartment-Hi-Rise</u> | | | | |
| - 1982 Actual | 296,500 | 19,628.30 | 22,433.19 | 42,061.49 |
| Full Value | 1,353,500 | 15,683.01 | 19,421.37 | 35,104.38 |
| Portioned | 203,030 | 16,423.50 | 19,099.03 | 35,522.53 |
| <u>Commercial</u> | | | | |
| - 1982 Actual | 14,150 | 1,225.96 | 1,070.59 | 2,296.55 |
| Full Value | 65,750 | 894.07 | 943.45 | 1,837.51 |
| Portioned | 10,520 | 941.91 | 989.62 | 1,931.53 |
| <u>Commercial</u> | | | | |
| - 1982 Actual | 100,050 | 8,668.33 | 7,569.79 | 16,238.12 |
| Full Value | 489,000 | 8,568.27 | 7,016.66 | 15,584.93 |
| Portioned | 78,240 | 8,324.86 | 7,360.04 | 15,684.90 |
| <u>Commercial - Shopping Mall</u> | | | | |
| - 1982 Actual | 1,490,850 | 129,167.25 | 112,797.71 | 241,964.96 |
| Full Value | 6,984,100 | 126,766.10 | 100,214.85 | 226,980.95 |
| Portioned | 1,117,460 | 121,918.99 | 105,119.47 | 227,038.35 |