

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS**  
**Wednesday, January 3, 1990**

**TIME — 10 a.m.**

**LOCATION — Winnipeg, Manitoba**

**CHAIRMAN — Mr. Edward Helwer (Gimli)**

**ATTENDANCE - 11 — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Cummings, Findlay, Penner  
Mrs. Charles, Messrs. Harper, Helwer,  
Pankratz, Patterson, Plohman, Roch, Taylor

**APPEARING:**

Mr. Henry Wiebe, Manitoba Association of  
Urban Municipalities  
Mr. Sieg Peters, Councillor, Rural Municipality  
of Hanover  
Mr. Les Schroeder, Rural Municipality of  
Hanover  
Mr. Aron Friesen, Reeve, Rural Municipality  
of Hanover  
Mr. Richard Borotsik, Mayor, City of Brandon  
Mr. Robyn Singleton, Solicitor, City of  
Brandon  
Ms. Brenda Leslie, Manitoba Association of  
School Trustees  
Mr. Brunel Jutras, Rural Municipality of  
Montcalm  
Mr. Jake Schroeder, Reeve, Rural Municipality  
of Rhineland  
Mr. John Giesbrecht, Reeve, Rural  
Municipality of La Broquerie  
Mr. Bill Martens, Rural Municipality of Morris  
Mr. Francis Benoit, Reeve, Rural Municipality  
of Ste. Anne  
Mr. Fern Berard, Reeve, Rural Municipality  
of De Salaberry  
Mr. Charles Chappell, Private Citizen  
Mr. Kenneth Emberley, Private Citizen  
Mr. Tony Dalmy, Manitoba Home Builders  
Association  
Mr. Garry Grant, Private Citizen  
Mr. John Petrinka, Private Citizen  
Mr. Taras Lasko, Private Citizen  
Mr. William Manchulenko, Private Citizen  
Mr. Philip Fontaine, Assembly of Manitoba  
Chiefs  
Mr. Don Melnyk, Manitoba Association of  
Urban Municipalities  
Ms. Doreen Demare, Councillor, City of  
Winnipeg Committee Representative

**WITNESSES:**

Mr. Rob Walsh, Crown Counsel (Legislation)  
Val Perry, Crown Counsel (Legislative  
Counsel's Office)  
Ms. Ann Bailey, Crown Counsel (Legislative  
Counsel's Office)  
Ms. Dianne Flood, Crown Counsel (Civil Legal  
Services)  
Mr. Bob Hamm, Land and Property  
Classification Co-ordinator, Rural  
Development  
Ms. Anne Fuller, Manager, Administration,  
Rural Development  
G. Forest, Deputy Minister, Rural  
Development  
B. Brown, Provincial Municipal Assessor  
Mr. Laurie Evans, MLA (Fort Garry)

**MATTERS UNDER DISCUSSION:**

Bill No. 79—The Municipal Assessment and  
Consequential Amendments Act.

\* \* \* \*

\* (1005)

**Mr. Chairman:** The Committee on Municipal Affairs is  
called to order.

We last met on December 21, 1989, at 8 p.m. to  
consider Bill No. 79, at which time we heard public  
presentations.

I have before me a list of persons wishing to appear  
before the committee today. The list reads as follows:  
Mr. William Manchulenko, Mr. Philip Fontaine, Mr.  
Homer Gill, Mr. Henry Wiebe, Ms. Brenda Leslie, Reeve  
Aron Friesen, Mr. Sieg Peters, Mr. Kenneth Emberley,  
Mr. Charles Chappell, Mr. Brunel Jutras, Mr. Richard  
Borotsik, Mayor of Brandon, Mr. Bill Martens, Reeve  
Francis Benoit, Reeve Jake Schroeder, Reeve John  
Giesbrecht, Reeve Fern Berard.

Should anyone else wish to appear before this  
committee whose name is not recorded please advise  
the Committee Clerk and your name will be added to  
the list. The Committee Clerk is here.

Is there anyone that would like to—yes, Mr. Lasko,  
is it?

**Mr. Taras Lasko (Private Citizen):** That is right. I was  
not prepared the other day. That is what I mentioned,  
and I said I would like to present my brief at a later  
date. So that is why I am here today.

**Mr. Chairman:** Yes, I believe we have two people, Mr.  
Lasko, you and Mr. Kuzminski, who have written  
presentations?

**Mr. Lasko:** That is right.

**Mr. Chairman:** What is the will of the committee? Do we want to hear them again or do we want to receive their written presentations—if Mr. Kuzminski and Mr. Lasko could present their written presentations, we will certainly consider their comments, or if they they would like to speak today they would have to be the last on the list. Is that okay? Agreed.

I understand there are a number of out-of-town presenters who would like to make presentations as early as possible. If these people are present, would you please identify yourself? Please stand—the rural presenters.

I understand, Mr. Borotsik, you would like to leave early, is that correct?

**Mr. Richard Borotsik (Mayor, City of Brandon):** If I could, Mr. Chairman, I would appreciate it. I do have some Members that are some of your colleagues of Brandon that I would like to say hello to if I might.

**Mr. Chairman:** Who are the other gentlemen?

**An Honourable Member:** Henry Wiebe.

**Mr. Chairman:** Henry Wiebe, Jake Schroeder. Who else did we have that wanted to present early—John Giesbrecht, Mr. Brunel Jutras, Mr. Peters of Hanover? What is the will of the committee? How do we want to hear them first—Mr. Findlay.

**Hon. Glen Findlay (Minister of Agriculture):** Yes, let us hear them in the sequence they are in—out-of-town ones that have been identified, starting with Mr. Wiebe, that is the top one.

**Mr. Chairman:** Is that the will of the committee? Okay, then before we proceed with the first presenter I would like to ask if the committee would like to adjourn at a specific time today. Normally, committee meetings run from 10 till 12:30. However, we have approximately 16 people, I believe, registered to speak today, I am not sure if we will be able to hear all presentations in two and a half hours. What is the will of the committee—Mr. Penner, Mr. Minister.

\* (1010)

**Hon. Jack Penner (Minister of Rural Development):** Would it be possible, Mr. Chairman, to hear as many as we can before lunch and then break at twelve o'clock for lunch for an hour, an hour and half, and then reconvene, for an hour and half lunch break and then reconvene, at 1:30 -(interjection)- 12:30 to 1:30 are we agreed on that? So we will break for an hour then.

**Mr. John Plohman (Dauphin):** Mr. Chairman, depending on the situation, and how many are left at that particular time, we had agreed to a five o'clock adjournment I believe in previous discussions for this meeting in writing. So at that time I think we should determine whether we want to make any changes to that agreement.

**Mr. Chairman:** Mr. Taylor, did you have any other comments?

**Mr. Harold Taylor (Wolseley):** No, Mr. Chairperson, it was the same point. I think we should call a decision as we approach five o'clock.

**Mr. Chairman:** Okay—Mr. Findlay.

**Mr. Findlay:** Would it be the committee's will then if we do not complete the presentations by five o'clock, since people are here, to reconvene at 6:30 and continue?

**Mr. Plohman:** Well, I think once again, Mr. Chairman, I believe we should, as five o'clock approaches, decide on what we will do for the evening. We may want to go for another hour and complete then or we may want to adjourn and come back later or whatever. Perhaps even, depending on the situation, hear some of them on another date.

**Mr. Chairman:** Okay, thank you, Mr. Plohman. So that is the will of the committee. We will break at 12:30 and reconvene at 1:30 again. Okay.

For the presenters, if you have a written presentation we would like 15 copies for all the Members of the committee here. When you come up, if you would just bring them forward—the Clerk would like them now. If any of the presenters have copies, please bring them forward now. If you need copies made, I think we can get some made.

We will start with our first presenter—that will be Mr. Henry Wiebe and Mr. Homer Gill from the Manitoba Association of Urban Municipalities—Mr. Findlay.

**Mr. Findlay:** Would it be desirous to attempt, as much as possible, to have each presentation made within 20 minutes to half an hour, as much as possible?

**Mr. Chairman:** What is the will of the committee—Mr. Plohman.

**Mr. Plohman:** Mr. Chairman, we have not put any time limits. I think we should try to do that, but I do not think we should have any hard and fast rules.

**Mr. Chairman:** Okay. I would like to ask all presenters, though, to be precise and to the point with their presentations because we have a lot of presentations to hear today. At the same time we want to give everyone an opportunity to question any of the presenters also.

So we will start with our first presenter, Mr. Henry Wiebe, and Don Melnyk, the Reeve of East St. Paul. Okay, Mr. Wiebe. Carry on.

\* (1015)

**Mr. Henry Wiebe (Manitoba Association of Urban Municipalities):** Thank you, Mr. Chairman, ladies and gentlemen. I would like first of all to offer the apologies of our president. He was unable to be here today. Homer

Gill was not able to be here today so he asked me to make the presentation on his behalf. As already mentioned I have here with me two members, two vice-presidents, second-vice president Don and third vice-president Doreen here from the Manitoba Association of Urban Municipalities.

Starting on page 1 with a brief summary, I would simply like to say that the association has been a strong supporter of changes to The Assessment Act in Manitoba. Our studies and our discussions on this issue spans the whole period of the '80s, of the decade of the '80s. From the establishment of the Weir Committee until the introduction of Bill No. 79, we have been involved in this discussion.

The key aspects that we would like to address today are as follows: the equity that is being proclaimed within the new legislation; the question of school taxes, or the removal of the Educational Support Levy, better said; the consistency that we hope will result out of this, we know will result out of this legislation; and the urgency, the need for immediate passage of this legislation.

Page 2, Assessment Reform Understanding: the Manitoba Association of Urban Municipalities represents the cities and towns and several villages of the Province of Manitoba. There is strong support for the assessment reform legislation within our membership. We have had ample opportunity to discuss this legislation at board level and at area meetings of our association.

Today the executive of MAUM wishes to address the key issues of the reform legislation. There is no doubt that a complicated tax reform Bill will require some amendments once we have made practical application of the changes foreseen in this legislation. We are therefore of the opinion that the Bill should be proceeded with forthwith to allow municipalities to move on with the changes for their 1990 budgets.

In this short document we will briefly address some of the reasons we have for our support and the need to proceed with the legislation expeditiously.

The question of equity: the present assessment system has always been difficult and it has been hard for the average taxpayer to understand it. Since there was little in the assessment approach which related to the market value of the property, the taxpayer had no way of relating the assessment to real value. Real value in the taxpayers' mind should be and is market value.

Market Value Approach: we believe that a system based on market value or true value of property can provide the average taxpayer with a much better understanding of the basis for tax assessment. The new legislation and the application of computer technology brings us with this legislation into the 21st century.

Value Updates: with market value as a goal and the computerization of the assessment system, complete and continuous update becomes a reality. Under the old archaic system municipalities were not reassessed on a regular basis. Thus we experienced inequities in school divisions where one municipality was assessed

and a second or a third was not assessed or assessed at a different time. Changes had not been brought to the same level of value. Even though this inequity was addressed through the balanced assessment it never really addressed the question adequately.

School Taxation: The exemption of farm land from the provincial education support levy is long overdue. The principle that all the residential structures and other farm buildings should be subject to taxation helps to bring fairness and equity into the system.

Limiting the exemption for schools and hospitals to 10 acres is also a reasonable approach.

The exemption of registered non-profit day care centres from taxation recognizes what, in fact, was being done in many cases even now, a grant was given back to the day care centre to cover these taxes.

The question of consistency—this will be one statute for the whole province. This new Bill places all of Manitoba under the same statute. This will help simplify taxation approaches and create a better understanding by the taxpaying public.

\* (1020)

Exemptions will also be the same throughout Manitoba. This provides equity and fairness to the taxation process.

The present Municipal Assessment Act exempts lands held in trust for band or tribes of Indians. Under the new Act this is deleted, and the new legislation is consistent with the present City of Winnipeg legislation. This matter has been a great concern to several of our member municipalities. Our board has made several presentations on this issue to Government. We are pleased to have this change effected to cover all of the Province of Manitoba.

The Need for Immediate Action: The old system of assessment is archaic and requires a complete overhaul. The Manitoba Association of Urban Municipalities supports the thrust of Government to effect changes now and proceed with reform as expeditiously as possible.

Financial: Municipal Governments in Manitoba have shown their strong support for this legislation by contributing approximately 50 percent of the cost of this reform. By the time Phase II of the system is completed we will have contributed some \$4 million to this project.

Urgency: The executive of MAUM has concern that the investment of large sums of money in the development of a new assessment system should be recognized. This system must be in place for the year 1990. We are in 1990 now and need this legislation in place to do our financial planning and our budgeting for this year and our longer term planning for the next decade.

Tax Notices and Budgets: The time is now here to proceed with municipal budgets. Our tax notices and assessment notices need to be printed and mailed to the taxpayer. Further delays will also slow up the

budgeting process. The approval of this legislation is already overdue. The time to act is now, in the present.

In summary, then ladies and gentlemen, I thank you for giving the Manitoba Association of Urban Municipalities the opportunity to speak to this very important issue of tax assessment reform. We consider Bill 79 to be one of the most important pieces of legislation for Manitobans at this present time. The passage of this Bill into legislation is a brave and courageous step for legislators. We congratulate you for making this reform possible.

Thank you for listening and for your attention. Respectfully submitted by Henry F. Wiebe, first vice-president of the Manitoba Association of Urban Municipalities. Thank you gentlemen and ladies.

**Mr. Chairman:** Thank you very much, Mr. Wiebe. Are there any questions from the Members here to Mr. Wiebe? Mr. Plohman.

**Mr. Plohman:** Thank you Mr. Chairman. Mr. Wiebe, I understand from your presentation that you might admit there are some faults with this Bill or there will be some faults found but we should go ahead and pass it anyway and make changes later on. Is that correct?

**Mr. Wiebe:** I do not know whether I would use the word "faults." Within this legislation there are some housekeeping items to be done.

**Mr. Chairman:** Okay, go ahead.

**Mr. Wiebe:** I am sorry.

**Mr. Chairman:** Yes, in order to get our sound system properly recording here if you would just wait until I recognize you.

**Mr. Wiebe:** Oh, I am sorry.

**Mr. Chairman:** It is okay. Are you finished, Mr. Plohman?

**Mr. Plohman:** Mr. Chairman, I imagine that answer was on the record. What Mr. Wiebe said was that he believes there may be some housekeeping amendments.

**Mr. Wiebe:** Yes, I think there would be.

**Mr. Plohman:** Does Mr. Wiebe have any analysis of the Bill from the urban association to give us any advice on some of those that he feels might be necessary?

**Mr. Wiebe:** No, I do not think I have any specifics. We have carefully reviewed and we feel some of the things might only come out once the Bill is in practical application within the whole province.

**Mr. Plohman:** Mr. Chairman, Mr. Wiebe talks about market value approach and says that the system should be based on market value. Is this his understanding of what is being done in this Bill?

**Mr. Wiebe:** Well, we are aware that the present market value year chosen is 1985, but we also believe that the

computer system that has been developed has the capability of changing the market value more often than three years, which is now suggested in the Bill. It could be done every second year or maybe even every year if that becomes necessary.

\* (1025)

**Mr. Plohman:** The assumption is this is market value that we are dealing with rather than a value determined on the basis of some updating application of some formula that it is based on a realistic assessment appraisal of the property based on 1985 market values.

**Mr. Wiebe:** That is right.

**Mr. Plohman:** Okay. We will have an opportunity to discuss that further with the Minister. I would hope that is the case as well, but we are not necessarily convinced.

I would like to ask as well about hospitals. Mr. Wiebe mentions that 10 acres is a reasonable approach for hospitals. Is he basing this on an exemption for most rural hospitals, or does he recognize that there are some hospitals that will not be totally exempt by this new figure? If most hospitals in the province are going to be exempt, does it not make sense to exempt them all totally? Why should some hospitals have only partial exemptions and the majority have total exemption?

**Mr. Wiebe:** I suppose the question of the acreage is to a large degree a matter of the local hospital board's decision. In one case that I am aware of where a hospital is being planned they are looking at quite a bit more than 10 acres, but they have their specific reasons for doing so. The actual operation though, 10 acres would be ample for them. So if they choose to have more because of certain other aesthetic reasons then maybe they need to pay a little bit of tax on that portion.

**Mr. Plohman:** Well, Mr. Chairman, it seems that it is more than aesthetic reasons. We have heard from the administrators of a number of hospitals in Winnipeg particularly who have asked for a change to this provision because it is an arbitrary provision that does not provide them with complete exemption, although others are completely exempted because of that figure. Has the urban association looked at that issue?

**Mr. Wiebe:** We have not discussed the issue with regard to the city hospitals, no.

**Mr. Plohman:** So I might just assume that perhaps the urban association might be amenable to some changes then.

**Mr. Wiebe:** Yes, I do not think we would have any problem with that.

**Mr. Plohman:** I just want to ask a couple more questions with regard to the education tax exemption. Is it the urban association's position that farm land should be exempted from all school tax and this is a good first step, or is it the intention of the urban association to push for exemption from local levies for school purposes on farm land as well?

**Mr. Wiebe:** I think this is a good start. We certainly applaud the fact that this portion of the school tax will be removed from farm land. That is one of the changes that might be considered later on once we walk with the legislation and have tried it out, we might want to see some different changes.

**Mr. Plohman:** Mr. Wiebe, does the urban association feel that there is some validity to the proposal by the Weir Commission to have a two-value system for farm land, one that would be based on agricultural value and one based on the value of that land for market value based on development that might be made on that particular property, particularly in the areas surrounding urban areas?

**Mr. Wiebe:** We have addressed that question with regard to land surrounding urban areas. It was the feeling in our discussions that in most of the cities and the towns the lands were held in abeyance or held in sort of an agricultural zoning until the actual development set in. At that point of course the taxation would take effect. To assess the land on the basis of future development is pretty risky.

**Mr. Plohman:** Mr. Chairman, that is not what I was suggesting. A two-value system would be based on the current agricultural value of that land through the use of a number of factors such as productivity of that land and so on. Another would be based on the actual market value at that particular time for industrial purposes based on comparable properties in the area. If the use of that land was changed, then there would be a retroactive assessment of taxes based on the higher value, but as long as it was used for agricultural purposes it would be taxed on the lower assessment for agricultural purposes.

\* (1030)

That is what Weir recommended in his report, and I just ask whether you feel that would be a fairer way of assessing land that is under development pressure and would provide an incentive to retain it in agricultural use rather than encouraging people to sell it off for development purposes.

**Mr. Wiebe:** You use the word retroactive. What did you mean by that?

**Mr. Plohman:** What they said, Mr. Chairman, is that if the use was changed and it was in fact sold at the higher value, then there would be a five-year period of collection retroactively of taxes based on that higher assessment for industrial use or residential use or whatever it might be.

**Mr. Wiebe:** I would believe that most of our communities would not like to see the retroactive system go into effect. I think in our smaller communities, towns and smaller cities, the industrial development is something that we really want to encourage and that would discourage it. I do not think that we would like to see that.

**Mr. Plohman:** Am I correct in assuming that the urban association has not developed a position on this issue?

**Mr. Wiebe:** No, we have just discussed it and we have not put forth a position on it.

**Mr. Plohman:** Would Mr. Wiebe feel that it is fair that land that is perhaps under pressure, there are some examples that we have been given where it is being taxed at \$75 an acre, whereas surrounding agricultural land is being taxed at \$7.50, 10 times as much, because of the artificial increased value of that land because of industrial pressures. Is that fair that a person farming under those circumstances should be paying that higher taxation based on the industrial value of that land?

**Mr. Wiebe:** I would likely be expressing a personal opinion, but I would say it is not fair.

**Mr. Plohman:** My last question at point, would Mr. Wiebe like to see that addressed in some way?

**Mr. Wiebe:** My position would be that as long as land within the boundaries of a town or a city is still used for agricultural purpose and zoned agriculture, it should remain as taxed as agriculture and only become taxable under the new subdivision when that is in effect put into place.

**Mr. Plohman:** Mr. Chairman, just to clarify, did Mr. Wiebe say when the zoning changes or when the use changes?

**Mr. Wiebe:** I would think those two usually go hand in hand in my experience.

**Mr. Plohman:** It may be that a person speculates and has the rezoning done many years before it actually would take effect, when the actual use would change in anticipation of that being a possibility somewhere down the road. What I am asking then is, should the value then be changed immediately or should it be done when the use changes?

**Mr. Wiebe:** I think when the use changes.

**Mr. Chairman:** Are there any other questions? Mr. Taylor.

**Mr. Taylor:** To Mayor Wiebe, there has been over the past while some sensitivity on assessment of large lots usually on the periphery of urban communities. Having Councillor Demare with you from the City of Winnipeg, I think she can speak at length of the problem in this community on that matter. I wanted to know, has there been discussion within your organization about the problem of large lot assessment and making certain that there is fairness employed when that type of assessment is done, and the potential impacts from this new Act? Have you looked at that as a detailed point?

**Mr. Wiebe:** No, I would have to say we have not looked at that.

**Mr. Taylor:** Has the Manitoba Association of Urban Municipalities discussed as an organization the fact

that there is in effect a three-year freeze on assessment once this new Act is in place and functioning?

**Mr. Wiebe:** That has been discussed at our meetings, and I do not think we have a particular problem with that. In development, three years is not a very long time.

**Mr. Taylor:** As a group of urban politicians, you do not see any problems coming from people who would become impacted by market changes, by something else going on on their doorstep or in the general area of their property, and their value diminishing, their wishing to appeal and their being unable to appeal during that three-year window. You do not see that as potentially causing severe problems?

**Mr. Wiebe:** I do not recall that we have discussed it from that standpoint. My understanding is that there is an initial appeal though, when the first assessment notices go out, is there not?

**Mr. Taylor:** That is right.

**Mr. Wiebe:** I think at that point, the owner would have to take a good look at what his plans are for the next three years.

\* (1040)

**Mr. Taylor:** Mr. Wiebe is correct. There is the initial window to appeal. However, once that has been exercised, there is no chance of further appeal for three years. It is a form of freeze, and we have had some of that in Manitoba which is, for your information, quite a marked contrast to certain other provinces.

The point has been made to us by a number of delegations, and it is why I bring it up here. That there should be no form of freeze whatsoever have been some of the positions. Other positions have been one-year or maybe a two-year freeze, but not the three-year. We have heard this a number of times. Some of us on the committee have then gone out and made inquiries outside of the committee and found more than a little concern on that. That is the reason I bring this question to you. I wonder what you might be encountering, you personally or any of the other members of your associations, in practical terms of dealing with constituents who wish to appeal, thought they had the right to and then did not.

**Mrs. Doreen Demare (Councillor, City of Winnipeg Committee Representative):** I would like to say that this would probably be a—

**Mr. Chairman:** Just a minute, Mrs. Demare. Before you comment, I think the Minister would like to make a comment on this, so can you just—Mr. Taylor.

**Mr. Taylor:** Mr. Chairperson, I addressed the delegation and I would appreciate a response from the delegation in advance of the ministerial statement.

\*\*\*\*\*

**Mr. Chairman:** Just a minute. The Honourable Minister, just to clarify the point. Go ahead. Mr. Plohman.

**Mr. Plohman:** Mr. Chairman, a point of order here. This is not the proper procedure for anyone, and with all respect to the Minister, it is not proper procedure to interject when there is questioning going on between a Member and presenter at the committee. When that has been completed, if the Minister wants to add a few comments, we have been pretty wide-ranging in that in this committee, although that is not even standard procedure.

**Mr. Chairman:** Okay, yes.

\*\*\*\*\*

**Mrs. Demare:** I would like to say that this would probably be a very reasonable approach, but the thrust from the Manitoba Association of Urban Municipalities today is—what we would like to see is that you get on with the Bill, pass it as legislation immediately and make your changes as you see fit as time permits and as the concerns arise, because there are some fairly severe implications if the legislation does not go through as with, for example, the tribal lands. That is one very serious concern.

Of course, even from your own departmental point of view, they are all set up to go with the legislation, and I think that what the Manitoba Association of Urban Municipalities is quite worried about is that the Bill will be stonewalled, for want of a better word, and we would like to see it moved on.

**Mr. Chairman:** Thank you, Mrs. Demare. Mr. Taylor.

**Mr. Taylor:** Thank you, Mr. Chairperson. I am a little surprised at that comment, quite frankly. It is not the intention of this committee or I would suggest any other committee of this Legislature or municipal committee to stonewall on legislation.

The matter before us is coming up with a Bill that is going to be functional, that is going to be eminently fair to all those who will be impacted. The point I bring out to the members of the delegation is not a little housekeeping item, it is a very profound point contained within this legislation and, I might add, contained within the legislation before us and not in the original draft as was drafted for the department.

So knowing that change has been introduced by the bureaucracy since the original drafting, we are more than a little concerned as to why it is there and how it may impact individuals in business and how it may impact you in your administrations at the municipal level. It is a very serious matter and if you wish to make any further comment, I would be very interested in hearing your words.

**Mr. Wiebe:** I think I should clarify here that the larger centres such as the Cities of Winnipeg and Brandon were presenting their own briefs. We have confined our

discussion in our brief more to the smaller centres of the province.

Our impression is that in the smaller communities there is a fair bit of land already set aside for industrial development and real estate development, so I do not think it would impact as badly on us as it may on the larger centres.

**Mr. Penner:** Very briefly, first of all, I would like to thank the MAUM organization and Mr. Wiebe for making the presentation this morning. I think you have indicated clearly to the committee the urgency that you have put before the committee of this Bill.

One area though that I am somewhat surprised at the comments made by one of the committee members in regard to, in line of questioning, is again questioning the ability of a person or an individual to appeal. I think the Bill clearly states that the ability to appeal is there as was under the previous Act, and that there have been no changes made nor are they intended to be made by this legislation that would limit the appeal process of the individual.

For clarification I think, I wanted to clarify that before, that under Section 13 as well as Section 41, it clearly states in Section 41(1) A board shall sit each year for the purposes of hearing applications for revision under Section 42 of the Act. I think that is fairly clear. That has not changed from the previous legislation.

There is however one question that I have. That is, I was wondering, I do not see it in your presentation or mention made of this in your presentation, the area of the phase-in. The legislation allows the municipality if they so choose to phase in tax increases due to value changes or whatever other reasons there might be.

Is it your view that we should leave the phase-in as a voluntary measure, or is there a need for the province to direct that the phase-in should be directed by the legislation as mandatory?

**Mr. Wiebe:** In our limited discussion on this issue we were of the opinion that it would be best left to the individual corporation, to the individual municipality.

**Mrs. Gwen Charles (Selkirk):** In the brief it mentions you had ample opportunity to discuss this legislation at the area meetings of the association. Could the reeve tell us whether at each area meeting they went through the legislation clause by clause, or whether it was just general discussion of the legislation in principle?

**Mr. Wiebe:** It was a general discussion, the principles involved in it. Most of the people involved in these discussions had already had copies of the Bill ahead of time and had done some of their own reading on it. I know many of the councils individually have spent time on it.

**Mrs. Charles:** Have they had legal counsel or anyone that has had to enforce the rights of citizens in their appeal processes and furthermore in assessment process discussing this with the association, or has it just been as you said in general conversation about the theory of this legislation?

**Mr. Wiebe:** There has been no discussion to my knowledge with legal counsel as far as our organization is concerned. Individual councils may have done that.

**Mrs. Charles:** So you stand by the idea that whether or not it has problems in it that we should just put it through, because in general you agree with the theory and it does not matter whether it works or not?

**Mr. Wiebe:** It matters if it works. It matters whether it works, and we have no reason to believe that it will not work. There will be some enhancements that will be necessary like there are in other legislations.

**Mrs. Charles:** Would you be willing to wait three or four years to get amendments made? Depending upon how the Sessions sit and how long these decisions will come in, it could take a couple of years to have it amended appropriately. Are you willing to put up with that length of time to have actions taken by your citizens to your councils? I know how that feels, to put up with that and have those citizens wishing you could change things when of course you would not have the authority. So you are willing to wait perhaps several years for those amendments to come forward?

**Mr. Wiebe:** I guess we are used to waiting for changes in any legislation. That seems to be the way of democratic life, but we think it would be much less disastrous than to now postpone this for another three or four years, much less disastrous.

**Mr. Elijah Harper (Rupert's Land):** Mr. Wiebe, in your presentation you mentioned the present Municipal Assessment Act exempts lands held in trust for bands or tribes of Indians. This matter has been a great concern to several of our municipalities. I was just wondering whether you could explain what this great concern is and provide the explanation to us.

**Mr. Wiebe:** We had hoped that the mayor of Thompson would be here. As you probably are aware, the City of Thompson has had some very grave concerns. They are the one member of ours that has really been very anxious about this situation. They have had court cases, as you are aware.

The push for this change originated with the City of Thompson. We have taken that further and discussed it with the UMM as well as with Government over the last several years and are very pleased that this change is being made, because there was an inequity. The City of Winnipeg had the exemption; we did not.

**Mr. Harper:** Have you discussed the matter in terms of why the exemption was there in the first place, or it may be as a result of other agreements that have been made, or is this straight support for the City of Thompson in their presentation to exclude this section?

**Mr. Wiebe:** We have discussed this at length in the executive and board level over the last two years as I mentioned. We are of the opinion that this probably was an oversight in the writing of the legislation because the City of Winnipeg was granted the exemption

outright, and why would the rest of the communities in the province not be granted the same privilege?

**Mr. Harper:** In pursuing this matter I was just wondering whether we actually exempted something from the City of Winnipeg, because there might have been some transactions made when we made the greatest real estate transaction a number of centuries ago, and as a result of those transactions and agreements it may have something tied to specific wording in this legislation.

\* (1050)

I was just wondering whether you would support any amendments to this legislation if it is as a result of the treaties that were made with the Indian people.

**Mr. Wiebe:** I believe we would be prepared to sit down and discuss it in dialogue.

**Mr. Harper:** Thank you.

**Mr. Taylor:** Mr. Chairperson, I would like to follow up in a question to the delegation after the Minister's statement about the right to appeal. Is the delegation aware that the Minister's comment on the right of appeal is limited to the change of physical circumstances on the individual property and evolved, as opposed to anything that may be adjacent to the neighbour, in the neighbourhood or in market value. Those are the aspects that are not appealable; the physical circumstances are the only thing appealable, physical circumstances changing on the property in question. Were you aware of that and that is how the freeze applies?

**Mr. Wiebe:** Even in the first appeal?

**Mr. Taylor:** No, beyond.

**Mr. Wiebe:** Beyond that. I guess we were more interested in the first appeal to make sure we did our homework at that time.

**Mr. Taylor:** What I am hearing you say then as representing MAUM is that once the benchmark is established at the beginning of this process, you as an association then are prepared to live with a three-year freeze, in effect?

**Mr. Wiebe:** We have not devised or put out a policy on it, but that is my impression of the discussions we have had, yes.

**Mr. Taylor:** In all fairness, Mayor Wiebe, do you think your member communities fully understand that is what they are buying into, that is what they and their constituents, be they business or residential constituents, will live with?

**Mr. Wiebe:** The whole assessment question is a complicated question, and I think I would be wrong if I said everybody understood it. That is certainly not the case. I think a lot of people do not fully understand, but they have had opportunity to come and attend

meetings and join in the discussions. I think we have had ample opportunity, and that is why we say we should get on with it.

**Mr. Taylor:** Mr. Chairperson, we have some concerns at this committee that there has potentially not been ample opportunity. We are aware now, as provincial legislators, that copies of this legislation were available in a certain preferred fashion as early as June. We did not have copies as Members of the Opposition, so there were certain people who did have copies, possibly your association, I am not certain. The City of Winnipeg apparently did.

Given that preferred circulation, it would appear there are a few groups that did have ample opportunity. We are not at all certain that there really were the opportunities for the general public across the province to review the legislation, and that the proposed series or circuits of reviews through various parts of the province going to all the major communities in a particular region. That form of presentation was scrubbed.

We had a much different format employed later this fall, and we have had comments from people that, well, we did not really know. In fact we had delegations come out here in that bitterly cold weather just before Christmas, travel in from various parts of the province and say: we have concerns but we do not fully understand the legislation, so we are putting some of our concerns on the table now, the ones that are clear to us, and we are going to be asking more questions and studying this over the next couple of weeks. If there is an opportunity to come back and speak to you again or submit a written submission if we cannot get into the city, that is what we will do.

We had one of those delegations just here and standing up a few minutes before you started to present.

While being very sympathetic to getting on with what would be a further implementation of the recommendations of the Weir Commission, and I would not be out of turn in saying all three Parties are sympathetic and want to see something along those lines finally come to fruition in legislation in Manitoba, we have real reservations about lack of knowledge on certain key points. There is much of the Act that is not changed from the previous legislation going back some decades, and probably will not cause any problems, but here are other areas of concern that probably do. That is why I am asking the sort of questions that I am to you right now, where we have a great anxiety that we may be rushing through with on certain points that could have very serious repercussions over the next three years, four years.

**Mr. Wiebe:** Those of us who have been in municipal positions for the last 10 years at least, 10 years, 12 years—when the Weir Report first came out it was very difficult to understand. I know that we sat down as municipal people and tried to read through it and discuss it. That same kind of situation exists even today among municipal people, especially those who have only been in the municipal life for a little while but exists even to a larger degree in the general public.



\* (1100)

I have tried in my own community to involve business people and leaders in the community in the discussion on the assessment, and I have tried to lead them through the changes that are happening. It is an area that the average ratepayer is not going to be spending a lot of hours because it is too difficult for him, he has never understood the tax notices to date that have come out. Hopefully under the new system he will. At least it will be easier for us as elected officials to sit down and explain what that notice means.

I think the fact that it has been over a period of 10 years where we have looked at it—where we have more than looked at it, we have studied it, and we have come across with changes and reform that at least are pretty reasonable. I think since we are reasonable people within the Government, within the municipal Governments as well, if there are some things that need changes, surely we will be able to sit down and change those if they are really that detrimental.

I do not see them at this point, and our committee does not see them, that way. For that reason we still take the position it is far more important to move ahead with this than to stall and start another discussion. Sure we can get people out for discussions, but they will not understand. The municipal people do not all understand and they have had their opportunity to get involved in it.

**Mr. Allan Patterson (Radisson):** I find it difficult to understand your connection between the budgeting process and the new assessment, Mr. Wiebe. Budgeting is simply a process of determining what you want to or have to do and then the cost of doing it. Once that cost is arrived at you apply it to the total assessment to get your mill rate. I cannot understand your sense of urgency in saying this is holding up budgeting. I see no reason that budgeting cannot proceed.

**Mr. Wiebe:** The budgeting itself, as far as the actual dollars are concerned that we need for the operations of our municipalities, can proceed and has proceeded. In fact that proceeded already in June and early fall and many of us have our budgets ready, but we cannot apply it to the assessment because we do not know what the score is.

**Mr. Patterson:** As I understand it, you imply that the lack of this new assessment process is holding up the budget. I gather from—

**Mr. Wiebe:** It is holding up the final budgeting. It is holding up the tax notices and the assessment notices. If we are not going to get with it—we like to have our notices out in May or June, if possible. Even at this point that will not happen this year.

**Mr. Patterson:** I understand it is holding up the notices, but it is not holding up your budget. The other point—

**Mr. Wiebe:** It is all connected though.

**Mr. Patterson:** I understand that. I would also like to ask really what significant harm, I mean significant,

would be done to any individual or organization if this does not go through now and if the current assessment held for one more year while some of the problems with the Bill are addressed and subsequently passed for implementation in 1991 rather than 1990? Under any new method of assessment some taxpayers will pay more, some will pay less, and some will be about the same. Whose ox would be gored, if at all, significantly?

**Mr. Wiebe:** Well, No. 1, as I said a few minutes ago, I think we will all be delayed as far as our assessment and our tax notices are concerned if this does not—because we do not know how to formulate or how to print out our tax notices at this point.

Further to that if we do not go ahead with it now, we have built up to this moment where we can finally see a change in the tax reform and where we can see this change coming about. If that is dropped, who knows maybe another five to 10 years. Our present legislation is really antiquated, 60 years ago it was passed. It does not speak to the present modern technical way of life.

**Mr. Patterson:** I understand that, but my question is simply that in order to make this legislation, make some significant improvements in the light of the presentations, what great harm would be done in carrying on one more year with this antiquated system?

**Mr. Wiebe:** My understanding is that we have moved ahead as I mentioned. As municipalities, we have a lot at stake because we have put a lot of money into this system. That system has been developed to the point now where we are ready to move into this new legislation. That means—I am not sure how much change that means, that is administrative, but surely the kind of money we have spent in developing a program, software program and a hardware program for this system, over the years, it has taken a long, long time. It is proven by the fact that we had to go back to the '85-level of assessment in order to bring it all into the system. We want to sit by another three years and just twiddle our thumbs on it.

**Mr. Chairman:** Mr. Patterson, one final question, we want to move on here.

**Mr. Patterson:** I did not say three years, I said one. Thank you, Mr. Chairman.

**Mr. Chairman:** Mr. Plohman, if you have—one question.

**Mr. Wiebe:** Mr. Melnyk would like to speak to this last question, could he?

**Mr. Plohman:** That would be fine.

**Mr. Chairman:** Okay, Mr. Melnyk, go ahead.

**Mr. Don Melnyk (Manitoba Association of Urban Municipalities):** Mr. Chairman, I just would like to say that assessment reform, levying of taxes and so forth, is a very unpopular situation no matter what level of Government you are at, whether it be municipal, local,

provincial or federal Government, and certainly any time delays on matters of that token can have certain implications that we could sit back, if there was a guarantee as such that this could in fact we legislated in one year's time, an adamant guarantee, then I could certainly support such a situation.

Right now we do not have that guarantee. We have been dealing with this for some 10 years now and we have a minority Government. This is an opportune time to put this legislation forward. If we do not put it forward I think that we can be jeopardized to sit for another 10 years and rattle through the motions to see whether we all understand it to its very fine detail or not, and we are not going to go anywhere, we will be spinning our wheels and our gears again. It is very important that we do take a firm stand and put forward the legislation, and certainly the appeal process is there.

I think we in municipal and local Government are very responsible people and I have such a great deal of respect for my colleagues in municipal Government, through the board of revision and the appeal process, I think we will have a very utmost responsibility to make sure that any inequities are fairly treated and that amendments to any bill are brought forward to our provincial legislators. I hope that answers your question to some degree.

**Mr. Plohman:** Mr. Chairman, I am just prompted to ask the presenters one question about the urgency of this legislation. Would they agree that without this \$4 million and the time required to automate the system that these changes or major changes in assessment would not be able to be implemented? In fact, that work was a prerequisite to bringing forward major assessment reform and the expenditures of those dollars. So, that time over the intervening 10 years was not wasted time. It was time in preparing for major changes.

**Mr. Wiebe:** Yes, that is right.

**Mr. Plohman:** I just wanted to put that in context so that it would not be left on the record that there was some dilly-dallying around over a period of time in terms of getting these major changes made.

**Mr. Wiebe:** We have reached the point now where we are ready to move. We have the program in place. Now let us start using it.

**Mr. Plohman:** I want to just ask the representatives of MAUM about the compulsory phasing. Do they see any—or non-compulsory phasing. UMM agreed, or even made the suggestion, that perhaps the Government would put in a requirement to phase in increases over a specific level or over a certain percentage over a three-year period.

The legislation is open-ended in that it leaves that to the municipality. Do you see the development of any standard criteria or will one municipality treat individuals one way, another, another way? Does that make sense? Do you think there should be above a certain amount that might present certain hardships that there could

be a requirement, and that would take the onus from the municipality and say above that certain level you have to phase it?

**Mr. Wiebe:** I do not think we would be opposed to that. I do not believe we can be opposed to that, but we take the position that the local councils are quite capable of handling that.

**Mr. Plohman:** I am sure that all of you are pleased that you had this opportunity to make this presentation today.

**Mr. Wiebe:** Yes, we are.

**Mr. Plohman:** I just want you to know that the fact that you are able to make that presentation is because of the stonewalling, as we were called a few moments ago, by delays in making opportunities for the public to bring forward presentations.

**Mr. Wiebe:** Mr. Chairman, may I reply to that? We really had not thought it would be essential for us to present a brief. That is why we were not actively involved in preparing one earlier. When we saw in the news medium what was happening, we got concerned.

**Mr. Gilles Roch (Springfield):** It has often been said that this Bill has been 10 years in the making, and I realize that is a fact, but also the Government introduced this Bill sometime in mid-November and they expect us to pass in 10 weeks what took in effect 10 years to prepare. I think it is a little unreasonable.

I have a question for whoever wants to answer it from MAUM. Had this Bill been debated in the Legislature or been in committee during the municipal elections, would that have been an impediment?

**Mr. Wiebe:** I do not think very many candidates would have made it an issue or put it on their platform. It is too complicated to deal with the public.

**Mr. Roch:** Thank you, I am glad to hear that, Mr. Wiebe, because we were told that one of the reasons it was not introduced last September to give us ample time to debate it, research it, analyze it and possibly have it passed by the end of December, was because of the municipal elections. I am just very happy to hear your comment. Thank you, Mr. Wiebe.

**Mr. Chairman:** Mrs. Charles, one final question.

**Mrs. Charles:** Well, Mr. Chairperson, I believe I am able to ask as many questions as I will—

\* (1110)

**Mr. Chairman:** Go ahead.

**Mrs. Charles:** —unless the committee wishes to put closure onto this process. Furthermore, you were mentioning that you believed that the last Bill that we had before us made an error in putting in exemptions for tribal lands in rural municipalities, that is outside the City of Winnipeg.

Are you willing to make that same type of error or new ones indeed perhaps errors by rushing this through, or do you feel that perhaps years ago they should have taken their time and made a proper Bill and not put those exemptions in if indeed you are opposed to those exemptions for tribal lands?

**Mr. Wiebe:** I think first of all we need to recognize that the legislation we are talking about is 60 years old. That is a long span of time and circumstances were entirely different then.

If there are errors in this legislation that we would recognize as errors, yes, we would like to correct them now.

**Mr. Chairman:** Thank you. Are there any further questions? If not, I want to thank you very much, Mr. Wiebe, Mr. Melnyk and Ms. Demare.

**Mr. Wiebe:** Thank you very much, ladies and gentlemen. I wish you all a very successful legislative year. Thank you.

**Mr. Chairman:** Our next presenter will be the Rural Municipality of Hanover, I believe, Mr. Peters and—is Reeve Friesen here?

**An Honourable Member:** No.

**Mr. Sieg Peters (Councillor, Rural Municipality of Hanover):** Good morning. My name is Sieg Peters, Honourable Members. I would like Les Schroeder and Aron Friesen to come up here, please. I believe you have copies of our submission.

In the outset I would like to say that I commend the Government of the Day to be so bold as to introduce Bill No. 79. It is an attempt to correct many of the inadequacies that we have in the present tax structure. I would like to thank the the review panel for allowing us to make these brief observations. In the past agriculture has changed. Years back every farm was a homestead and it included a basic amount of land, a small set of buildings and some livestock. In the present form it has changed. Some have a lot of land, some have a lot of buildings, some even have some of each. Now I will refer to my brief here.

The Council of the Rural Municipality of Hanover is generally in favour of Bill No. 79 in that it will correct many of the inadequacies in the present tax structure. We agree that all residences, both farm or non-farm, should contribute towards all services and by these I am referring to things like the local services that we have, the roads, the drainage, the fire protection, et cetera, including both the educational support levy and the local school taxes. We strongly feel however that the taxation for education should be shifted away from farm property, both farm land and production buildings. The present legislation takes the provincial share off the land and will not put it on buildings. We are concerned that the local levy, which I guess we feel was incorrect until now, that was on the land, now we are going to add that to the buildings. So we are sort of making another thing incorrect.

I should maybe also add here that many of the municipalities who are growing are shifting into the livestock area. It is a form of decentralization. I think there has been concern that everybody wants to move to the urban areas. We feel that if livestock buildings and buildings in general would be taxed heavily, and we feel that this local education tax will be a form of this type of taxation, that there will be less livestock produced. It will have some effect on livestock production in the future and we feel that this form would not be good.

The second concern we have is, we are concerned over the term "market value" to be used as a basis for property assessment for both land and buildings. We feel that there should be a clear definition of the term "market value" in Bill No. 79 before it receives approval. In implementing a formula for determining market value, variables like including market price and potential productivity of land and buildings should be considered. We feel that restricting ourselves to the market price only could change the price very quickly. Isolated sales in an area could greatly affect just a simple market value. Therefore, we feel it might be good to have it somewhat related to the potential production capability.

The Rural Municipality of Hanover feels that the absence within Bill No. 79 of provision for a dual assessment system on farm properties in the vicinity of urban areas represents a shortcoming in this proposed legislation. The municipality continues to believe that the assessment of farm property should be based on its productive potential while still being used for agricultural purposes. However, if such land were sold at a later date for urban development, we would see nothing wrong with a recapturing, perhaps for an eight-year period, of taxes based on assessment at a development rate. We believe an amendment to Bill No. 79 should be made. Thank you. Submitted by Hanover.

**Mr. Chairman:** Thank you. Are there any questions to Councillor Peters? Mr. Plohman.

**Mr. Plohman:** Just to thank Councillor Peters for the presentation and his recommendation regarding the dual assessment system, which we feel is very much a shortcoming of this Bill as well, and for his statement on that particular issue, I just would ask one question on that. Would you also feel that there is room in doing that to have some incentive for farmers to retain land in its natural state? When I am talking about land, I am not talking about agricultural land that is in production, but perhaps land that is retained in its bush state in some areas, whether there should be an incentive to retain land in that for wildlife habitat or for other wildlife uses as an environmental incentive for farmers.

**Mr. Peters:** I would just like to respond by saying that we have restricted ourselves to the productive land and not to the land that could be set aside for other uses.

**Mr. Plohman:** So you have no comment on that, Mr. Chairman? I see, thank you.

**Mr. Laurie Evans (Fort Garry):** Mr. Peters, could you give me a little more specifics in terms of how you see this Bill implicating or impacting on the livestock industry? You have indicated, as I have understood it, that it could have a negative impact because of the level of assessment that would occur on the farm buildings associated with the livestock enterprise. Could you be a little more specific on that?

**Mr. Peters:** Can I let my partner, Les, speak to this one?

**Mr. Chairman:** Yes. Do you want to give us your name, please?

**Mr. Les Schroeder (Rural Municipality of Hanover):** Yes, the name is Les Schroeder. Mr. Chairperson, I think this has great implications, this Bill, and if an amendment is not made to it I think we are going to see more serious consequences to the agriculture sector than we see on the outset.

With that I would like to allude to a few things and that is if we look at what has happened in our western counterparts, the provinces I am indicating here, where they have looked after the agriculture sector, where it has been viable, without a question, taxation dramatically affects the productivity.

If you look at what happened in the west, our slaughter plants have left us, our jobs have left us, due to the closure of slaughter plants. I think it is very important that we realize right on the outset that the municipalities that are viable and growing, where the shift is not happening, are areas, municipalities, with large intense productive units. Okay?

Keeping in mind if you are going to tax or deter these individuals with progress through taxation, I think it clearly shows that we are not taking the long-term ramifications of this Bill into account. Okay? We have worked out a few scenarios, and I will speak to something that I have some insight into, where the average dairy farm will pay substantially more money with this new format. I think that the taxation of the school levy, be it local or the special levy, should be placed on the residential buildings and should be waived in total from the farm sector in order to make Manitoba more competitive with its neighbouring provinces. Thank you.

**Mr. Laurie Evans:** I would just like a little further elaboration. When you use the example of a dairy farm—now obviously in the supply managed sector I would assume that the taxes that would be applied to the dairy farm would be entered into the formula in terms of the cost of production, so there would be an opportunity there to recapture that in that indirect manner.

\* (1120)

When you are talking about someone, for example, who has a major seed cleaning facility on there, how in the world do you come up with a market value and an assessment on that? When you are looking at someone who has an intensive greenhouse operation

that is over a short period of time during the year—or the hog operation, for example, which is not under supply management but is under tripartite, I would assume that there is no indirect way that is going to enter into that operation as far as being handled in the tripartite system.

I have a great deal of difficulty in figuring out how you are going to assess those production buildings. I infer from your comment that you may be suggesting that the production buildings on a farm should be exempt from taxation, which would result then in the only building on the farm that would be taxed would be the residence. If you have a situation where the resident is deciding that it is just as easy for them to live in the local town and commute back and forth, you would end up with no taxation base on some of those farms at all.

These are the types of concerns that we as the Opposition are finding difficult to see how you are going to make the amendments that would bring in the fairness that you are after on the farm operation. I would certainly appreciate your comments on a broader scale.

**Mr. Les Schroeder:** Mr. Chairperson, in response to that question first and foremost we cannot, quote, we cannot use all the taxation on the dairy in the marketing format. Okay? That is No. 1.

Number 2, if we look at the statement I made, I think I clearly indicated we were just looking at the education levy. We were not looking at the municipal or the other taxation that was associated with that on certain debentures.

Furthermore, I think it could be put in place, because at present the outbuildings on any farm are not taxed with the education levy in any way. Therefore, taking that into consideration at present, the proposal is to waive only a proportion of the education levy on farm land but making it a hardship to the municipalities where there is intensive livestock production because the marginal amount that will be taken off their land, the additional amount put on the outbuildings, and be what it may in the ag sector, as indicated that there will be only a marginal shift within the ag sector. I think that is an unfair statement because without a question that is what makes Manitoba viable. I do not know if I answered that well enough, but thank you.

**Mr. Chairman:** Thank you. Any other questions? Mr. Minister.

**Mr. Penner:** First of all, thank you very much, gentlemen, for the presentation. I think you have made your point rather well. I think we have heard from a number of other presenters some question expressed as to how we deal with those properties that are affected by the urban shadow across the province and I think you have indicated it again that there needs to be some consideration made in that area.

If the province did consider an amendment to legislation that would address the shadow effect on farm properties and the values of farm properties, or

the excess taxation of farm properties, re the productive capacity of an acre of land, how would you and when would you see that being implemented, considering all the information that has been entered into the computer, at this point and stage, has been entered into based on '85 values? Have you any suggestions in that area?

**Mr. Les Schroeder:** Mr. Chairperson, Honourable Minister, I think our concern would be not as grave if on the outset, Bob Brown, the individual in charge of assessment, would have indicated the percentages. Maybe I am out of order here, but I would like to say that if we had a percentage ratio much less on the buildings, that might be acceptable.

Without a question, earlier indicated by Mr. Evans, there needs to be something in place that we all pay our fair share. Without a question, we are very supportive of that, but keeping in mind that in many scenarios the taxation on a 640-acre farm would go from \$1,900 to \$5,000, that is a dramatic increase, and keeping in mind that these production units are what keeps the economy in rural Manitoba healthy.

Coming back to that question, if the percentage ratio was adjusted—at present it has been indicated it will be equal land and buildings. We feel if the percentage ratio on the buildings would be much less, maybe this would be acceptable, but until we have been given that percentage ratio we cannot endorse it. Thank you.

**Mr. Penner:** Mr. Chairman, one further question. The question I asked is: have you any suggestions as—if and when a consideration was made to amend the current legislation that is before this committee now that would recognize the impact of the shadow effect of urban development opportunities on an acre of land, if we implemented that or if we made amendments to the Bill, how would you see, or what suggestions have you to put before the committee that would lead me to make a decision or lead this committee to make a decision as to how we could amend the Bill and implement the changes, taking into consideration that all the information is currently entered into the computer programs, without entering into major costs that would in effect be charged back to municipalities, that would allow us to make those kinds of considerations?

In other words, should we do it immediately? Do we have three years, or would it satisfy you if an amendment was made that would allow, within a three-year period, some changes to be made to recognize them?

**Mr. Peters:** I think the time frame would be adequate in regard to this fringe area, because we would still like to see that the people pay it retroactively and not have to be taxed up front each year if they are a bona fide farmer and have intentions of farming.

**Mr. Penner:** One more question: are you satisfied this Bill recognizes that there has been an inordinate amount of tax on farm properties, and that this Bill does address that to a degree, although not as far as you would want to? Are you satisfied that the Government is making an approach to alleviate the education tax burden on farm properties?

**Mr. Peters:** I think we stated initially when I first came here that we think the direction is good. We realize that you are now putting in print some of the things that have been happening in the last year or two, and that is good. We need that, but I think our suggestion is that, by allowing the local school taxes to go on buildings as well as the land in future, we will be heavily burdened with school taxes. That is still a concern to us and that is why we are disagreeing with certain portions of this Bill, recognizing that the direction is extremely good. I think we said that initially, and we want to leave you with that impression.

**Mr. Plohman:** Mr. Chairman, we share the concerns that this legislation will have on building-intensive farms in the province, and that is one of the reasons why we have talked about compulsory phasing over a particular percentage or amount and perhaps over a number of years.

I would like to ask you whether you know the impact that this will have on your municipality. Do you have those figures? Have you asked for them? Do you know how many farmers in your area are going to be hit with rather dramatic increases in their taxation?

\* (1130)

**Mr. Peters:** We do not know. In general we may have an indication of the impact, but specifically we do not know the impact. If it was only our local things separate from education, we would not be very concerned, because I think most people in the local area realize that there was an inadequacy before. If they have a major portion of their farming that has to do with livestock and it is not buildings, I think most of them are quite willing to contribute.

The idea of the educational thing will be more of a problem, but as far as roads, fire protection, drainage, these type of services, I think they will quite easily—nobody likes to have a substantial increase in things, but I still think they will come around very nicely.

**Mr. Plohman:** Mr. Chairman, we all want fairness, and I think that I agree with your statement that everyone wants to pay their fair share. However, it is the shock impact that I am concerned about as well, the major increases in one year which an individual operator has not had an opportunity to work into his plans and may not be able to meet those obligations because of the tremendous increase that takes place in a short period of time.

The Government has said that they would allow the municipalities to phase in increases. Do you think that there should be a requirement for phasing in over a particular level, and should there be perhaps a phasing over longer than a three-year period if there are major increases, a major shift? That is presupposing that there is not going to be a major change to the legislation that would remove production buildings from taxation.

**Mr. Peters:** In general response, not knowing all the details, I think we would suggest that what has been in the Bill we could live with that. We think each local

Wednesday, January 3, 1990

area making its own decision might work, especially if the education is not on there. Now, maybe once we know the real impact, it may be more drastic than we initially thought. If you are asking me what talks we have had in council—would suggest to us that we do not think that it has to be legislated over a period more than three years. At present we do not feel that it should be implemented strictly.

**Mr. Plohman:** Just for clarification, you do not feel that it should be implemented strictly? What did you mean by that? It uniformly—in other words, one municipality would allow larger increases than another before phasing? That is fine as far as you are concerned?

**Mr. Peters:** In general I think the small discussions that we have had on this, and were again—living with a thing that it would not have big impacts.

**Mr. Plohman:** Do you know that? Do you know whether there will be some major impacts in your municipality on some building-intensive farms, hog farms or livestock—

**Mr. Peters:** If the educational tax will be implemented as suggested, then there will be fairly substantial impacts on livestock-intensive farms.

**Mr. Plohman:** Have you heard, Mr. Peters, that the Government intends to change its proposal on the education tax?

**Mr. Peters:** We have not discussed that at all.

**Mr. Plohman:** Mr. Chairman, on the basis of what we have now, you are saying that there would be major impacts, but you do not know precisely what they would be?

**Mr. Peters:** I think that would be correct, and we feel that this is why we are proposing something that has been, we think, not correct in the past. Again the education was on the land, and present legislation is taking a large portion of it off, and we think that is good. We feel that more of it should come off the land, and that it should also not be placed on buildings as was stated a little earlier. I think that is our position. We feel very strongly that the local taxes for drainage, road work, snow clearing, should be shared by all people. We make no bones about that.

**Mr. Plohman:** Just a final question, Mr. Chairman. What you are saying, Mr. Peters, is that you would like to see the education support levy not placed on buildings?

**Mr. Peters:** That is right.

**Mr. Plohman:** That is not the case in the proposal by the Government, so you are asking the Government to change its position on that?

**Mr. Peters:** That is precisely what we were suggesting in our submission.

**Mr. Plohman:** Yes, and we have to recognize the impact that this would have on the plans that the department has, and the timing required. It is again where we have these odds on pressing for major changes and having very little time to do it. I just want to make the councillor aware that these kinds of changes require time to prepare.

**Mr. Taylor:** I wanted to ask the councillors a couple of questions on buildings. In the last couple of weeks we have had a lot of comments made both here and when we have been visiting farms over the last while to the effect of what is a building, and what is a piece of equipment?

We had representatives from seed farmers. We have had individual seed farmers as an example. We have had people involved in grain farming who have said, well, I have these metal granaries and they are going to be considered buildings, but I have a drying operation as well. I have the surge bin for it, and then I have the dryer itself. Are those buildings, or are those equipment? There does not seem to be a lot of clarity coming out of the department on this, other than say everything that stands and is immobile is, therefore, a building and not a piece of equipment.

I wondered if you people from Hanover have any wisdom to offer us on how you might see a fair definition as to what is a building and what is a piece of equipment, and should it be assessed, therefore, or should it be exempt, notwithstanding the other proviso you talked about. You talked phase in, you talked about maybe not a full 100 percent, but just what should be considered in, and what should be considered out?

**Mr. Chairman:** Who would like to answer that? Mr. Peters.

**Mr. Peters:** I think one cannot without going into great detail, it seems to me that when you are talking about a silo, the unloader as equipment, when you are talking about grain drying, things that do the actual drying are equipment. The bin itself would be storage and that portion would be a building. I guess I mentioned it earlier, we think the word "market value" needs some clarification and some work on it, and that is what we were suggesting. This machinery involvement in buildings would be part of that definition, but we think that equipment is definitely not part of the building.

**Mr. Taylor:** The other question I want to ask was to do with structures on farms that are not being used. There have been many cases where people have had older buildings that they have been reluctant to destroy as they might have a use for, and we have seen it in granaries, we have seen it in chicken houses, we have seen it in homes. Things change on farms from time to time as different generations take over or somebody is away at college but wants to take over the farm. A home may be empty. The son or daughter may come back, and the reluctance might be to destroy a building, but if it is going to be taxed, the question that was put to us is, are we then likely to see a tendency to knock down and eliminate buildings that could have a useful life down the road, but because they are going to be

taxed, even though it can be documented that they are not being used and had not been for some time? I wondered if you had come across that, and if you have any advice on how to deal with an issue like that?

**Mr. Les Schroeder:** I would first like to touch lightly on the question you addressed earlier, and that is if you will look at feed-storing facilities, be what they may, take into account they are not used year-round, where outbuildings such as barns and units of this nature, it is a year-round functional operation.

Therefore, I will come back to what I have earlier said, if the percentage on these buildings was not unified, which at present we do not know where it is, I think there should be a different class. If in fact they are to be taxed, there should be a different class associated with these buildings, with feed processing, no matter what format is taken into account.

Furthermore, to the last question that you posed, that has caused us a lot of concern. Without a question, any roof that does not leak, it is a viable building. As we indicated earlier, this will deter people from leaving these stand. We might see a lot of these being torn down or removed, where in fact they could be utilized somewhere down the line and therefore deter growth as we indicated earlier. I do not know if that correctly answers your question, but that is the best I can do. Thank you.

**Mr. Chairman:** Thank you. Mr. Findlay.

\* (1140)

**Mr. Findlay:** I would like to ask a question of Mr. Schroeder. When you were answering the question of Mr. Evans where he asked you about whether people in supply management could pass on the increased cost of doing business through the increased taxation on the buildings, you said in the dairy industry only a portion could be passed on into the cost-of-production formula. Could you explain what you mean?

**Mr. Les Schroeder:** Yes, if I may. if you will notice, a lot of dairy farms are not just solely dairy. There are a lot of spinoffs on the dairy farm. When I indicate that along with their production unit, they may be associated with other areas in the livestock end, be it in the feeder end of it, raising cattle, or in the hog productivity on it, all on one basic unit. The taxation is associated with whatever is on that unit. That leaves something to be desired.

**Mr. Findlay:** Would you not also admit that for strictly the dairy portion of the operation, the tax on the dairy portion of the operation can be completely incorporated in the cost-of-production formula?

**Mr. Les Schroeder:** I have not worked first hand with the marketing council, but it was brought to my attention. No. I will leave it at that because I do not have enough knowledge, and I will say that up front, that I have not been associated or worked alongside of these individuals in order to make a fair evaluation of that. Thank you.

**Mr. Findlay:** Also if you are looking at the total package with regard to the increased cost, for a land-based farm that is a dairy operation, there may well in actual fact be a reduction in total taxation or at best neutral because of the reduction in taxation on the land component of that farm.

**Mr. Les Schroeder:** Mr. Chairperson, not with the scenarios that have been worked out. These farms range anywhere from 600 acres to 1,000 acres. I will leave it at that.

**Mr. Findlay:** Most of that land in your municipality would be assessed fairly high so it would be paying a fairly substantial ESL now on that 600 to 1,000 acres. If you have seen enough comparisons in your mind to know how much shift is going onto buildings from land in terms of reduction on land and the increase of buildings, whether they actually do come out pretty close to neutral.

**Mr. Les Schroeder:** The Honourable Agriculture Minister, I think it is very unfair for me to give an intelligent observation until Mr. Brown will give us some actual percentages. Okay?

**Mr. Helmut Pankratz (La Verendrye):** In the brief it states, and I will just read this portion if I may: however, if such lands were sold at a later date for urban development, we would see nothing wrong with a recapturing perhaps for an eight-year period of taxes based on an assessment at a development rate.

My question to you would be: at this time, do you feel that zoning should play any role in this at this point?

**Mr. Peters:** Would you please explain that? What do you mean by whether zoning should play any role?

**Mr. Pankratz:** Mr. Chairman, if land is zoned agriculture it is basically frozen for development use. As long as it is zoned agriculture, any value that you basically would put on it in my opinion would be considered as speculative value. Would you agree with that?

**Mr. Peters:** I am not sure I am fully following your reasoning here, either I am too nervous or I am not with it. You are asking whether any value associated with agricultural land—

**Mr. Pankratz:** I am referring to your brief when you are indicating to recapture. Naturally to recapture perhaps for development rate, then in my opinion it would have to change usage—

**Mr. Peters:** Right.

**Mr. Pankratz:** —from agriculture to whatever. Now, are you stating at that point in time when the usage is changed, only at that time, should you be able to recapture, or should you be able to recapture while it is agriculture and holds maybe a speculative value, you then still could go back on agriculture zoned, which is frozen basically through planning on agriculture leaseage?

**Mr. Pefers:** No. We would only like to have it retroactive after the usage has changed.

**Mr. Pankratz:** After the usage has been changed. So while it is zoned agriculture, the way I read it into your brief, you would suggest that it should be basically assessed for taxation purposes according to its productive value?

**Mr. Peters:** That is correct.

**Mr. Pankratz:** Thank you.

**Mr. Les Schroeder:** Mr. Chairperson, if I may elaborate on that point. You will notice in some of the surrounding areas, zoning takes place without the will of the farmer. Without a question, you cannot reflect taxation on zoning alone, you have take into account the productivity of that land and that is why I think we felt as a body that the retroactive concept would be a fair way in order to address this problem. Does that—

**Mr. Pankratz:** My question actually that I would have posed, if you would have gone along with it, that it should have been on agricultural land as well while zoned agriculture, then my question would have been to you, whether you would propose that should only be on the land or whether it should be on all speculative values?

This is what I am getting to, if it should go and be passed in something similar to this, why only agriculture should be taxed back on speculative value and not necessarily for that matter commercial, residential or other zonings?

**Mr. Les Schroeder:** We have no problem with that if you can find a means in order to accommodate that.

**Mr. Pankratz:** My final question to you is: if you back tax on some of this land and you get this windfall of money, where should it be apportioned to?

**Mr. Les Schroeder:** Mr. Chairperson, without a question, being a councillor I would feel very strongly it should stay in the municipality due to the fact we have been shortchanged in the past dramatically. Thank you.

**Mr. Plohman:** Just on that, the Weir Commission recommended that where land is rezoned for speculative purposes that there would be a 10-year period of recapture, and where land was rezoned at the time the use changed it would only be five years. That is what the Weir Commission recommended. Would you agree that where a person rezones for speculative reasons that there should be a longer retroactive recapture, or would you think it should be the same for both situations?

**Mr. Peters:** I do not think we have strong feelings on that, it is the direction that we are interested in. I think we could live with your comments as well.

\* (1150)

**Mr. Chairman:** If there are no further questions, we want to thank you very much for your presentation this morning.

**Mr. Peters:** Thank you

**Mr. Les Schroeder:** Thank you very much.

**Mr. Chairman:** We have two presenters that are here that cannot come back this afternoon. One is Mr. Rick Borotsik, the Mayor of the City of Brandon, and the other is Brenda Leslie from the association of school trustees. Is it the will of the committee that we hear both these presenters before lunch? Agreed.

The next in line actually would have been Mr. Jutras. Mr. Jutras, would it be okay if we leave you until after lunch? Would that be all right?

Okay, we will deal with Mr. Borotsik, the Mayor of the City of Brandon.

**Mr. Rick Borotsik (Mayor, City of Brandon):** Thank you, Mr. Chairman, for your indulgence and I appreciate the indulgence of the other presenters as well.

My name is Rick Borotsik. I am the Mayor of the City of Brandon, Mr. Chairman. I have with me Mr. Robyn Singleton, who is the City Solicitor for the City of Brandon who has just recently been appointed a Q.C., and he is about four feet off the ground so I may have to bring him down quite often.

Mr. Chairman and Honourable Members, the Province of Manitoba has introduced new legislation that will make a dramatic change in how property is assessed for the purpose of real property taxation. It is my position as Mayor of the City of Brandon that the proposed changes are for the most part positive and will benefit all Manitobans. The following is a summary of those points, gentlemen and ladies, which I believe to be positive in the legislation:

- (1) The new legislation incorporates many provisions of the Weir Report, which I believe is an appropriate change in direction for the assessment in Manitoba.
- (2) Province-wide assessment standards, including the City of Winnipeg, are introduced for the first time.
- (3) Assessments will be at market value or at least close to market value, with the current market value for the year 1990 being set with the year 1985.
- (4) Removal of provincial education tax from farm land and farm buildings is also very positive.
- (5) The assessment will be at full property value so that the assessment and property tax process will be more comprehensible to members of the public.
- (6) The move toward the 10-acre exemption for school and hospital property is a positive step.



- (7) A tax-exempt status for non-profit licensed day care centres is also positive.
- (8) Exemption from taxation for heritage buildings for a two-year period during renovations is also positive.
- (9) Tax-exempt status for all permanently abandoned farm buildings over 60 years of age is also supportive.
- (10) A move to remove the tax exempt status from residences of public and private schools as well as Bible colleges can also be supported, particularly if financial assistance will be made available to the schools affected as suggested by legislation.
- (11) Inclusion of a definition of "improvement" so as to distinguish more clearly between buildings and land is a positive development as the value of the land on which a building sits may vary radically from the value of the building itself.
- (12) The concept of assessment at "value" as mentioned above is positive, although the province is intending at this point to use a three-year reference period. For example, an assessment in 1992 will use 1991 data and will be used in the 1993 tax year, in fact will make the cost of going to a shorter assessment period, at least initially, not reasonable. Therefore we can support a three-year period.
- (13) The move to a standard reference year, whether an appeal is made by any property owner or not is in our opinion fair, so that all property owners will be facing the same reference year so long as the provincial municipal assessor in its re-evaluations will be flexible in addressing changes to the assessed value for reasons they may have missed at the time of the assessment.
- (14) The changes to the assessment in agricultural land and indeed any other of the categories of assessment, should they prove very large, must be introduced slowly over time and the legislation contemplates such a gradual change in approach.

While the list of items, gentlemen and ladies, I believe to be positive in the legislation is lengthy, there are several concerns as well, my primary concern being the absence of a definition of a value within the statute. For a number of years now the method for determining the assessed value of property for the purpose of expropriation has been set out in The Expropriation Act, and I believe a definition similar to or the same as the definition that is contained therein is appropriate. I am pleased to note the Minister has already announced his intention to add a definition of value to the proposed legislation.

Second, I have another concern relating to the size of exemptions for the school and hospital lands which I would like to see expanded. Third, I would like to see

some changes in the method of assessing farm lands around major urban centres such as Winnipeg and Brandon so that while those lands are used for agricultural purposes they will be assessed on their value for agricultural production purposes, although the province may well wish to consider a move to retroactive reassessment for such farm land should the use change to a use which gives the land a much higher value.

In summary, it is my position that the existing assessment legislation is very dated and very cumbersome. Further, many provisions relating to the assessments are contained in statutes other than The Municipal Assessment Act. The new legislation does repeal much of the other assessment-related legislation which will assist in making the assessment process more comprehensible to many members of the public.

I am not suggesting that the new assessment legislation is perfect. I do believe, however, Mr. Brown and his staff have taken every reasonable effort to give us legislation which is workable. I believe the legislation can be supported and should be passed so that we can proceed immediately with the 1990 assessment so that the residents of Manitoba learn what their assessments will be and in turn what their taxes will be in the nearest possible future. Respectfully submitted, thank you very much, Mr. Chairman.

**Mr. Chairman:** Thank you, Mr. Borotsik. Are there any questions from the committee to the presenter?

**Mr. Borotsik:** It was very nice, if I may, to follow MAUM. I assume most of the questions have been already asked of MAUM, but I am prepared to answer any questions.

**Mr. Plohman:** Perhaps the mayor could explain perhaps what he means by a move to retroactive reassessment for such farm lands if there were to be a dual assessment system put in place. Is he suggesting that perhaps it could be implemented a year down the road, but the benefits of that established under the new system would apply as a discount on that year retroactively for the intervening year or two or whatever it might be before it is put in place?

**Mr. Borotsik:** Mr. Chairman, through you to Mr. Plohman, the retroactivity certainly with the farm lands in both Winnipeg and Brandon particularly being urban centres, it has been discussed at some length, Mr. Plohman, certainly with the other Members. We agree certainly with comments that were made around this table previously that there should be some vehicle in place whereby agricultural lands within urban centres right now should be taxed and assessed as agricultural lands if they are in that particular production. I do not know by which the vehicle you are talking about, Mr. Plohman, please.

**Mr. Plohman:** Mr. Chairman, reading this now I understand you are agreeing with what has been presented previously, that there would be a retroactive recovery when the use changed.

However, what I was asking about, and I was misreading what you said but I would still like your

opinion on it as to whether in fact as the Minister says the computer system is not set up to establish a two-value system for agricultural land, it is all based on the value as of 1985, whether in fact if this was put in place a year or two down the road that a person paying \$75 tax per acre on land that would after it is put in place, a dual system, be only paying saying \$7.50, one-tenth of that, whether they would be able to recover that the following year on a discount on the taxation for that year where they paid the higher level.

**Mr. Borotsik:** I believe that there should be a base year at this point in time, Mr. Plohman. When we do the reassessment for the 1985 value if you will, if it is an agriculture property in agriculture production, then it should be assessed at that basis. If it is now being assessed at a higher value, it should be reduced to that agricultural production basis. Should it then five years down the road, Mr. Plohman, be changed and the use change, then that five-year period should be recovered as to the market value of the property when it was sold for development purposes.

**Mr. Plohman:** Mr. Chairman, we agree on the last point. It is just a question of whether the implementation date, from what the Minister has said it is almost impossible to put into place effective for 1990, that there would be this dual system with the lower assessment based on agricultural value where currently perhaps it is assessed at an industrial value.

**Mr. Borotsik:** Okay, I understand, Mr. Plohman, you are suggesting rebates at a future date. I have no difficulty with that at all.

**Mr. Taylor:** To Mayor Borotsik, in your point 13 in your submission, you mention the fact of going to a value method. Of course you are looking for definition, and I noticed that otherwise in your presentation as well. So are we looking for that same definition, because the statement is there but the definition is not. Further on in point 13 you say you are comfortable with the use of a benchmark, a 1990 benchmark. We have used the terminology "freeze" instead of "benchmark" in effect that we will be living with the 1990 level for the succeeding three years.

\* (1200)

I was wondering if you are aware that in other jurisdictions, instead of putting a freeze in place, there is a legislative requirement that the assessments for the province—and the example on one I am going to use is British Columbia. They can be no more than two years behind. It is instead of picking a one-year benchmark, in this case 1990, and you live with something and it is called 1990. It is saying that at any given point the assessment process cannot be more than two years out of date.

I was wondering if you are aware that sort of system is in place and that of course it is possible to do that today because of computerization. I wondered what your reaction might be to that sort of a system, if we could look at that for Manitoba as opposed to this, although updated, still rather archaic approach to assessment.

**Mr. Borotsik:** Mr. Chairman, through you to Mr. Taylor, I am aware of B.C.'s assessment procedure with the two-year assessment process. Certainly with a three-year process that is being supported or being suggested at this time under legislation, it is far superior than what we have at the present time where we now go back to reconstruction cost based on the 1975 value, in some cases in Winnipeg going back to 1950 value, Mr. Taylor. I would be very pleased to be able to have some factor of a 1985 market value that I personally can relate to. I think what is being suggested is far superior than what we now have in place in legislation.

As for the British Columbia model, I believe there are still some bugs and some problems that they are having associated with that model. I am not familiar with it. I personally, Mr. Taylor, would agree with you, I would love to be able to go to same-year market value assessment. Whether financially or economically it is probable or can be accomplished, I do not know. I am not an assessor nor do I know what the computerizations required from the provincial Government or the provincial assessor's department. I would love to see that, Mr. Taylor. If I have a choice between a three-year and a two-year, certainly I would propose and I would pick a two-year. Again, I do not know what the financial ramifications are, and if I have a choice between the three-year that is now before me and something that goes back to 1975, I will choose what is before me right now, which I am told can be accomplished. There is no question, Mr. Taylor, I would like to see a two-year, and by the way, in the brief before you we have suggested perhaps we could work towards this end. Whether it is logical to suggest that we can put it into place and accomplish it either this year or next or 10 years from now, I do not have those answers, I am sorry, Mr. Taylor.

**Mr. Taylor:** Mr. Chairperson, the mayor brings up an interesting point and that is, what is the cost of it. I think anybody in Government has to ask that sort of a question. I just wonder if he was aware that after they put in an assessment corporation for the whole province and eliminated the municipal assessor, for example, in Vancouver, in Victoria, that in reality what happened is there were half the number of total assessors for the province, the cost went in half, and with computerization I wonder if the mayor knew that they are only six months behind, not two years behind. You can go into the B.C. municipal assessor's office whether you are in Victoria, Vancouver or you are in the central location that they have and say, I want to do it for my property, here is the address, and within minutes they can give you a printout. It is only six months behind, and I am wondering if that had appeal to the mayor.

**Mr. Borotsik:** Certainly a reduction of assessment cost by 50 percent appeals to me, Mr. Taylor. I do not know if that can be confirmed in writing at this point in time, but I would certainly take it back with me if I could. As for the six months in the B.C. model, as I say, I am not familiar with the B.C. model, whether that be a six-month market value assessment at that date or whether they take it to a year benchmark, I do not know. That is the ultimate, and there is no question I would prefer

to be able to walk into a provincial assessor's office and suggest that my assessment is based on factual timely data. As I say, what I see under legislation right now as being proposed is far superior than what I am familiar with right now in legislation that is now existing. All I can say is, I support what is here at the three-year benchmark or three-year freeze, if you will. If it could be a two-year freeze, a year or two years down the road, based on progression, I would be very, very pleased Mr. Taylor, very pleased.

**Mr. Taylor:** Mr. Chairperson, to the mayor, do you feel that with the freeze in place and once you get past year one, 1990, and you look at a 1992 or '93 context based on the 1990 benchmark year, and something happens to the property adjacent or there is a significant downturn in the market for wherever, but let us say Brandon, heaven forbid, but say there is a very major downturn in the housing market in Brandon and the bottom has fallen out of prices and people are seeing a one-third reduction in their values, but meanwhile the taxes are 1990 taxes.

People say, well, I think I would like to appeal this and then of course they are told, well, I am sorry but you are going to have to wait to post-1993 until we have a new benchmark or a new system. What sort of grief do you think that might give you at the municipal level?

**Mr. Borotsik:** Thank you, Mr. Taylor. First of all I believe when you said 1990 taxes you meant 1990 assessment. That is what we are dealing with. That is fine, but there would still be equity and fairness, because all of the assessments that were benchmarked in 1990, if it was a market fall generally throughout the economy, then there would still be equitability and fairness because all of the properties would be affected equally. So there would be a very simple explanation as there is right now.

Looking at assessments based on 1975 reconstruction costs, there is supposedly some equity and some fairness. Unfortunately, there is not in most cases. However, you could still suggest that it is general across the assessment properties, residential in this case, and therefore there is some equity.

You have a point I suppose, Mr. Taylor, should there be some specifics dealing with a specific property where the assessment or there is some act, some problem that may affect one specific property. There is opportunity under the legislation, I believe, that the assessor can do a subsequent assessment of the property and therefore bring the assessment into line. It is not an appeal process as has been suggested before, but there could be a subsequent assessment that the assessor himself can trigger, if I am reading the legislation properly.

As for the three-year, again as I say if it is a possibility for two years I would be most pleased. I do not know what the ramifications are. I really do not.

**Mr. Patterson:** Mayor Borotsik, I would just like to ask you the same question I asked of Mr. Wiebe. It has been mentioned that the current legislation is some 60

years old, so admittedly it is archaic. It creaks and it groans, but nevertheless it is working after a fashion.

Just what significant or irreparable harm would be done to the City of Brandon and any of its taxpaying citizens or organizations to carry on for a 61st year?

**Mr. Borotsik:** Well, Mr. Patterson, certainly we could continue. I do not think the world would come to an end, nor do I think Romania would get any more democratic than it is now, nor do I think there would be a number of other things happening in our society if this legislation should not pass. I suppose to answer your question, Mr. Patterson, we could survive. We will collect our taxes, we will pay our bills, and we will clean our streets. That is not a fair answer, and I will try to give you another less facetious answer.

The legislation I believe is very important, that it be put in place as soon as possible. We can, certainly, delay the legislation for a year. I suppose if that is the answer, could we delay it for two years or could we delay it for three years, we have done it for 60 years. Certainly we can survive for another three and perhaps another 10. I believe honestly that this legislation and most assessment legislation, there is a requirement for fairness and equity. If we do not implement this legislation as soon as possible, that equity is becoming less and less and less all the time. I believe that we have to react, and we have to react as quickly as possible. You as legislators have to decide the best fashion that legislation should come out.

I also mentioned in my brief, Mr. Patterson, that nothing is perfect. I know a number of pieces of legislation put through by this House and not one of them is perfect. There are always necessities for change and there are always errors in legislation. This is probably no different. I do not know where the errors lie right now, but I am sure after implementation in a year or a two- or three-year process of this particular assessment legislation, we will know where those errors lie, and we can then change it at that point in time. Nothing is perfect. I would like to see it as quickly as possible. To answer your question very quickly, it can definitely go on for another year, that is not a problem. We will not die because of it.

**Mrs. Charles:** If this legislation were to pass this year, what is the time frame that you would have to have the knowledge of, whether it is going forward or going to be changed? We are looking at how long we have to bring forward amendments in order to put it through as we think it should be done, or whether we should wait and bring forward the whole package or as the alternative, put it through as it is now and see what rises or falls as the case may be. What is the time frame you need to have from us to implement it this year?

\* (1210)

**Mr. Borotsik:** Thank you for that question. It is a very important question and the answer is immediately. We had anticipated that and by the way, I just have to preface this with a comment.

We at the City of Brandon recognize that there are going to be a number of problems by our citizens in the City of Brandon, recognizing a number that is now put on the tax assessment notices opposed to a comparable number that was done last year. There are going to be substantial problems with that. When you have an assessment value now increased tenfold our phones will be ringing off the hook. I can attest to the fact that it has happened before and it will happen again.

What we had hoped to be able to do is to include the assessment notice with our tax notices when they go out in the fall. In order to do that, the city, like any other governmental organization, cannot react very quickly. We need some lead time. In order to do that we will have to know what the assessment procedure is, so that obviously the provincial assessors can get us the proper numbers so that we now can put our mill rates together, so we now can put both of the little notices together in one little package which goes out, I believe in July, June if we could, believe me. People love to get tax notices, we like to get them as soon as possible.

Again, not being facetious, we would like to know as quickly as possible, and again the legislation is not going to be life or death to the City of Brandon. We will collect our billings based on the assessments we now have with our mill rates that we will strike. We would like to see something that is comprehensible, that when our people get a notice in their hands they understand that it is a 1985 market value, and they have some benchmark that they can go back to compare with, and we would also like to be able to get our notices out as quickly as possible. To answer your question, as soon as you can possibly do it.

**Mr. Chairman:** Any other questions to the presenters? If not, I want to thank you very much, Mayor Borotsik.

**Mr. Borotsik:** Thank you very much, Mr. Chairman.

**Mr. Chairman:** I will call Ms. Brenda Leslie from the Manitoba Association of School Trustees, our next presenter. Carry on, Ms. Leslie.

**Ms. Brenda Leslie (Manitoba Association of School Trustees):** Thank you very much. I would like to sincerely thank the committee for extending their lunch break to hear our presentation before they break. We certainly appreciate it.

Mr. Chairman, Mr. Minister, committee Members, on behalf of the 57 school divisions and districts of Manitoba, I am pleased to appear today to provide our comments on Bill No. 79 and some of its implications for the members of the Manitoba Association of School Trustees and the communities that we serve.

In opening, I would like to express our appreciation to Mr. Robert Brown, provincial municipal assessor, for providing an excellent briefing to representatives of our association on the significance of Bill No. 79. We recognize and appreciate the focus of this legislation on the reform of the assessment process is to ensure fairness. School boards are not actively involved in the

process of property assessment. However, we do apply our local school division levies to the existing assessment base, just as the provincial Government uses the existing assessment base to collect its educational support levy. Because of this reliance on property assessment to raise funds for education, we applaud the work that has been done to enhance that basic principle of fairness as realized through assessment reform, and MAST endorses many of the steps being taken to ensure quality in assessment.

We appreciate this opportunity to make our observations on aspects of this legislation which are of particular interest and concern to public school boards. Our association over the last number of years has taken positions which are supportive of the establishment of a single assessment authority, supportive of assessment of all real property at current market value, supportive of the establishment of additional property classes, including a classification for charitable and non-profit organizations. We have been supportive of portioning of the valuation of each class of property to ensure that each class continues to contribute approximately the same to the total assessment base.

We have been supportive of assessment and taxation of farm residences. We have been supportive of assessment of farms based on the value of the operation rather than the land value. We have supported retention of present tax exemption and have strongly supported exemption of all school division property from taxation.

The removal of the provincial Government's Education Support Levy from farm land and outbuildings is a move that will be welcomed by Manitoba school trustees. The application of the Education Support Levy to farm land raised some \$20 million last year. This was offset by approximately \$16 million in tax credits. This peculiar process has created the impression that the province's educational taxes are greatly inflated and contributes to general misunderstanding of educational taxes.

We also appreciate that the new tax Bill will report separately the Education Support Levy and the school division's special levy. Previously, these were reported as a total only, and taxpayers were unable to distinguish between school taxes levied by their locally elected trustees and those taxes levied by the provincial Government. This change will promote greater accountability at each level.

The removal of the exempt status from residences of public and private schools is a matter of some concern. The statement that additional financial assistance will be provided to schools affected is too vague to provide consolation. Specifically, we would seek assurance that the taxes levied on the residences of public schools will be fully offset by grants and that these grants will be ongoing rather than transitional in nature. However, our comments in this regard are superseded by our concerns with the limited exemptions available to school divisions for their properties.

Provision of a flat 10-acre exemption for schools and property is an improvement over the current situation which now only exempts four acres and requires

ministerial approval for exemption of a further six acres. This change will simplify the process and ensure that the same exemption is received in all cases. We are however concerned about the adequacy of the 10-acre limit given the size of some of our high school properties.

Because we received the information on Bill No. 79 at such short notice, we were unable to obtain the data that might be relevant to the limitation that has been put on the 10 acres. We were unable to obtain this information from the Public Schools Finance Board and I guess we would ask this committee if they have been provided with that information and whether they could assure us that the 10-acre limit is indeed adequate?

We have however a fundamental concern about the principle of taxing any school division property for municipal purposes. Currently, only school division holdings used for instructional purposes qualify for this exemption. Bus garages, school board offices, administrative buildings, school holdings larger than 10 acres and vacant schools are all subject to taxation.

We question the rationale for levying municipal taxes on the property of public school boards. School buses and administrative offices are essential to the effectiveness of the experience within the classroom itself. There is also a strong argument that can be made for the merits of extensive green space as a complement to outdoor education or agricultural programming. Declining enrollment is one of the most difficult problems facing many of our school divisions. It is often resulting in the closures of schools. To impose a new tax after a school has been closed is not justifiable.

Many properties essential to the operation of a school division are currently subject to municipal taxation. The cost to school authorities of this municipal tax Bill will surely increase significantly as a result of more thorough assessment practices.

Under current legislation, municipalities are not required to pay either the Education Support Levy or the school division special levy. Their property is exempt under the current legislation.

The Manitoba Association of School Trustees believes that the converse should also be true. Properties owned by a school division should be exempt from municipal taxation. We urge you, as members of the committee reviewing this legislation, to introduce amendments to exempt all school division properties from municipal taxation.

In conclusion, I would like to state for the public record that Manitoba school trustees continue to urge this provincial Government to reduce the reliance on property taxes as a means of funding public school education. Although provincial Governments, past and present, have agreed in theory with this principle, their actions to date do not appear to support that principle.

\* (1220)

We look forward to real progress in this area when later this month the Minister of Education and Training (Mr. Derkach) will announce the level of funding for public schools for the 1990-91 school year. Recognizing that, the implementation of this legislation will present

difficulties at a variety of levels. We encourage the various Government departments involved, particularly the Department of Education and Training, and Rural Development, to ensure that all affected parties are kept informed and consulted as they implement this new Bill and legislation process.

On behalf of the Manitoba Association of School Trustees, I thank you for this opportunity to make presentation to you this morning.

**Mr. Chairman:** To Ms. Leslie, I guess the first of the questions are—Mr. Taylor.

**Mr. Taylor:** Ms. Leslie, one of the main points you make is about this exemption and the size of the exemption, in fact, the acre cap that is discussed. You say, well, it is an improvement but—your suggestion to the committee is that you did not have ample opportunity to analyze the legislation, nor were you given a presentation which said this is the rationale for having within the Department of Rural Development determine that 10 acres is the solution. Is that the case then?

**Ms. Leslie:** We were not on the preferred list of this draft legislation in June. We received information on this legislation three working days ago. We would like to have data to provide to you in regard to the 10-acre limitation. We really cannot make an informed comment on the 10-acre limitation because we were unable and did not have the time to obtain that information.

**Mr. Taylor:** In the last sentence of your opening paragraph though, you said you did get some sort of a briefing, or the representatives of MAST did, from Mr. Brown.

**Ms. Leslie:** We did, three working days ago.

**Mr. Taylor:** Okay, all right, that was what I was trying to—

**Ms. Leslie:** I am sorry.

**Mr. Taylor:** Okay, thank you very much. Earlier in the public delegations, the Manitoba Health Organization also talked about this exemption for hospital land, a similar sort of exemption. They said the same thing, it is better, but—. The position they took was that there should be no acreage cap that it should be total. I really am seeing the same thing in this presentation.

Institutions such as hospitals, schools and the support facilities for both, however, do put some demand on municipal services and municipal infrastructure. Has there been discussion in MAST that while they do not wish to be in the position of being taxed, because they are in effect another form of government, another level of government, that there should be something that comes across to the local municipalities to compensate them for that which they have to provide to your members' school boards?

I am asking specifically about some form of pass-through, either directly from the province, or pass-

through, through the school boards to the municipal Government, which would pay for that which you consume in the form of municipal services, and at the senior levels of Government they are called grants in lieu. The federal Government does it virtually 100 percent. Much of the provincial buildings and lands pay to the municipality grants in lieu that are virtually 99 percent, 100 percent equal to what the taxation levy would be. In short, has there been discussions within MAST of there being a similar sort of a setup to deal with paying for those municipal services which are consumed?

**Ms. Leslie:** MAST does not certainly have a policy statement, nor have they discussed tax assessment and how taxes should be decided at the provincial level. I think it is important to note that school divisions have one taxing base, and that is a property tax. When the municipal jurisdiction imposes a taxation on their property, school divisions go to property owners to collect that tax, and as in the case of hospitals and as in the case of municipal properties, it does not serve the public interest to take money from all of these levels in order to pay the same kind of maintenance. I think municipal councils have sources of revenue that school divisions do not have available to them. Does that answer your question?

**Mr. Taylor:** It does somewhat, and I guess what you are pointing out, Ms. Leslie, is the limitation on the ability to tax.

**Ms. Leslie:** That is correct.

**Mr. Taylor:** The limitation is similar, but a little broader at the municipal level, and it gets broader as one goes up the hierarchy of our national structure. I guess the point I am concerned about is that by the luck of the draw certain facilities and institutions can be in one municipality and not in another. Therefore, a certain municipality can have very real costs in the sense of services and capital as well to serve those institutions. In this case we are talking school board facilities.

How do you come to a fairer way to make sure the municipality is fairly dealt with and at the same time do not put a burden on the school board? I wondered if there had been any sessions within MAST, any discussions or brainstorming sessions which talked about totally different approaches to deal with this very real situation.

**Ms. Leslie:** I think the question you are asking me is whose responsibility it is to pay the taxes on publicly-owned property, and the truth is that the highest percentage is dependent upon property taxes. School division property is publicly owned, the same as municipal property is publicly owned, and it is maintained by the public tax dollar.

Again, if school divisions incur the costs of higher taxation on their property, their only means of raising that revenue is to go back to the local property tax owner to pay that additional taxation.

**Mr. Chairman:** Before we carry on, the time is 12:30. What is the will of the committee? Do you want to continue on?

**Mr. Taylor:** Complete this delegation, Mr. Chairperson.

**Mr. Chairman:** Okay. Mr. Taylor.

**Mr. Taylor:** Thank you very much. Ms. Leslie, you mention about the fact that there are municipal tax levies today on various types of school board facilities. Has that to date included taxes on empty or partially empty schools, or has it only been on the support facilities, i.e., the garages, the grounds maintenance buildings and school board offices? Has it only been the latter?

**Ms. Leslie:** I understand as soon as a school building has closed and is no longer being used for instructional purposes, that property is taxed, and I think that has been evidenced throughout rural Manitoba. A lot of our single story old school buildings that might be nice to continue to have had in our rural communities have been taken down, because they have been taxed when those buildings have become empty.

**Mr. Taylor:** Does that also apply to the context in the larger schools in the various divisions when the buildings are partially empty? In other words, would a partial tax be imposed if, say, 30 percent or 40 percent of the classrooms were no longer in use, but the balance were? Would there be partial taxes imposed, or was it only in the context of a totally unused building?

**Ms. Leslie:** To my understanding, only if a building is no longer being used for instructional purposes will that building be taxed.

**Mr. Taylor:** In the case of then a building that is no longer used at all is there not some mechanism that comes into place whereby that building potentially is turned back to the provincial Government, which in effect was a major contributor to the construction of that building originally?

\* (1230)

I understood from discussions that we have had in Winnipeg that was the case when some of the suburban school boards had exactly the same problem that you are talking about that could hit out in the countryside, that the buildings potentially would go back—not necessarily go back but potentially go back—and therefore get the school boards out from under this context. Are you aware of this situation?

**Ms. Leslie:** I understand there is some regulation in place addressing that issue. I also understand that the regulations that are now in place are being reviewed. Now what changes have been made to those regulations—I am not able, at this point, to comment on.

**Mr. Taylor:** In the latter part of your presentation you made reference to a new tax being imposed after a school has closed. By that what you meant is the school had not been taxed and would now be taxed. It was not a case of some new levy that we are not aware of then. Is that correct?

**Ms. Leslie:** Right.

**Mr. Taylor:** Thank you.

**Mr. Plohman:** Just briefly on this same issue—well, before I get to it I wanted to ask one question about residences for public schools. How many residences are there in the public school system in Manitoba?

**Ms. Leslie:** Again, Mr. Plohman, because we only had three working days to put our presentation together we were unable to collect that data for your information this morning.

**Mr. Plohman:** I think it would be important for us to have that information, and if the Minister is listening, to get an idea of what the impact will be on the public school system at least in Manitoba.

I want to, just at this point, reflect on the fact that there has only been a very short period of time for MAST to prepare its presentation and to get the information they required. That is precisely the reason why we wanted to have this consideration put over into the new year, despite the fact that there were enormous pressures on the other side from the Government and from municipalities who want this passed very quickly.

We realize there are various concerns that will be brought forward once people have an opportunity to study it. Of course that is what you are doing today, and we appreciate that you are doing that.

Insofar as this 10 acre limit is concerned it seems to be an arbitrary one. It was used for hospitals as well. It is in the Bill, and as Mr. Taylor has pointed out there have been concerns expressed about that. It is our intention to bring forward an amendment to rectify that situation and hopefully have the approval of the other Parties.

We did not consider that for the schools. I think that perhaps there should be some consideration for that. However, when we talked to the hospitals we did raise the possible concern about properties being purchased by hospital boards and then have the exemption status with no approval by the provincial Government, who will be losing revenue on these things.

In the same way, if school property was purchased or not disposed of by a school board they would continue to retain an exemption on it if it was broadened to include all properties owned by school boards.

I wonder whether you would feel that the school boards would be amenable to having some reduction in their complete authority to purchase and dispose of, in other words perhaps have land approved first by the Education Finance Board before it would be purchased by a school board, because it would have that tax exempt status if it was opened right up for exemption from the provincial education support levy. Do you feel there would be room for some say by another body, a provincial body since this involves provincial taxation?

**Ms. Leslie:** You raise an interesting point. I think it is also important for us to state that no school division

is in the business of increasing their school division property other than for schools and playgrounds and the kinds of essentials that are necessary to run the public school system.

I would certainly agree that there would need to be some regulations and some very specific regulations in place that would outline those properties that in most cases school divisions do require in order to run their operation. I think those kinds of things can be specified in regulation so we all understand that we are not in the practice of accumulating property except for purposes of education.

**Mr. Plohman:** in this last comment, Mr. Chairman, on the issue of municipal taxation on school board property, it is something that we have not taken a position on in our caucus at this point. I am pleased that you have raised it. It is a difficult problem and one that I can assure you we will be discussing in our caucus before we would develop any position on that issue.

**Hon. Glen Cummings (Minister of Environment):** I was interested in your comment that schools should not be paying any support for municipal costs. I recognize the problems with one level of Government having to support another through taxation, but I wonder what limits would you put on school divisions regarding the holding of property so that they would not become speculative. Would you do it only by regulation or would you suggest that there would have to be arbitrary solutions?

What happens, the same as with hospitals it appears, is that you end up constantly having to go back to amend. I think what we are trying to achieve is some sort of a fairness without consistently having to amend or create new regulations. I wonder if you have any other suggestions that would help us avoid that situation.

**Ms. Leslie:** If I understand your question correctly, the question you have asked me is what is going to prevent school divisions from becoming speculative on property? I can assure you, Mr. Cummings, that school divisions are not in the business of acquiring property for speculation in any case.

**Mr. Cummings:** I appreciate that, having spent some time trying to support a school division, but my concern would be that the very question that raises concern, and as much as school divisions end up more property than they may need from time to time, local improvement costs to the municipalities are going to continue or could be incurred if there is development within the area. I guess I am concerned about whether or not we might be reducing the principle of trustee accountability if they are left without the responsibility of having to be responsible for raising the funds to pay for costs that are incurred as a result of decisions that they make.

**Ms. Leslie:** I think, Mr. Cummings, you are very well aware of the pressures that school boards receive from the public. I think I can assure you that if a school board is sitting on a property that is unused, that is

costing the taxpayer money either municipally or school board wise, that property they will dispose of if they do not have a use for it.

**Mr. Laurie Evans:** Mr. Chairperson, I just have a brief comment and it relates to the list of number items on page 2 that you indicate your association has been supportive of. One of them I find a little difficulty in interpreting exactly what you mean and that is No. 6 where you say that the association is supportive of the assessment of farms based on the value of the operation rather than the land value.

This to me brings in a whole new concept where you are looking then at an assessment that is based not only on the land value but the value of the whole farm operation. Could you elaborate a little bit on that because perhaps this is a new way of which maybe assessments could be established that you do not look at the individual items, but you look at as a farm operation or an entity in itself? I am wondering whether I am reading more into that item 6 then you intended.

**Ms. Leslie:** You would be correct that you are reading more into that than was intended. We have lifted the items that have been presented for you from resolutions over the past number of years of our association. The intent of this resolution was to indicate that we are certainly supportive of buildings being taxed rather than land being taxed. I think the example often was the large grain farmer versus the small operation that perhaps is a hog operation.

**Mr. Laurie Evans:** Just as a final comment, would you be supportive of the elimination of No. 6 from your list here, because it seems to me that could be misinterpreted and one that one could get carried away with in terms of looking at this as another means of establishing equitable assessments across farm properties.

\* (1240)

**Ms. Leslie:** I would hope that the committee would make note of my comments. I would not like to withdraw it from our presentations, but I would hope that the committee will make notes of the comments I have made in regard to No. 6.

**Mr. Penner:** First of all let me congratulate you on an excellent presentation that you apparently wrote with only three days of information to you. Let me also apologize to you and all of the school trustees in the province for not making information available to you sooner. I would ask though, because this has only been brought to my attention at a very late date, and I would ask when you first—what date was it that you first asked for information from my department on this Bill?

**Ms. Leslie:** We began to ask your department in early October for information in regard to this legislation.

**Mr. Penner:** Would you indicate to me, maybe you want to do this in private, who you requested that information from? I would certainly like to know. I had

indicated to my department, and I had indicated to all of Manitoba for instance, that if my department was requested, or I was requested, for information or meetings that I would set aside all my time to meet with organizations or individuals to discuss this legislation.

To the best of my knowledge, I have not had a request in my office from your association for a meeting, or for information for that matter, prior to about five days ago. I find this interesting if that information somehow or that request somehow did slip through that we are not aware of this, then again I apologize to you.

**Ms. Leslie:** Your comments would be correct, Mr. Minister, and I forget sometimes that I am not working in the education area right now. Our request indeed went through the Department of Education and Training, and that has been our communication and generally is with the Government of the Day. Our request was first made in early October to the Department of Education and Training.

**Mr. Harper:** Just maybe one question, it is regarding the—you had mentioned about school residences. There are a lot of bands or tribal councils that have property within the city, like in Thompson, I believe that was mentioned earlier. These residences are primarily for students that come in to go to school within some of these school divisions, but they pay an enormous amount of money per student and yet they are expected to pay the taxes for that property or for housing of the students.

It seems to me a little bit unfair to ask the tribal council or the band of Indians to pay in addition they pay already per student. I know that it is happening in Dauphin, it is happening in the Teulon residences, in Thompson. I was just wondering, do you know exactly how much per student an Indian child pays, an Indian student, relative to the school boards.

**Ms. Leslie:** I am sorry, Mr. Harper, I do not have that information available for you, but if you would like that information, we would certainly make it available to you.

**Mr. Harper:** Yes, and would you support—I had asked an individual earlier about supporting an exemption for Indian people. In a sense, Indian people were guaranteed or made treaties with the federal Government to provide education for them whether it be on reserves because in some instances it is not possible, it is not feasible, but they must go outside of the community. I think that is one of the reasons why the bands were protesting because that particular guarantee has been made. It is sort of promised and, in a sense since there are no Hansards available when this legislation was passed about 60 years ago, I do not think we had any records of the debates that were going on. I would assume that there was some consideration being given of the special status that the Indian people had. I was wondering whether you would support any kind of an exemption.

I know you mentioned in your brief on page 2, retention of present tax exemptions. For something



like that would you support the treaty or the rights of the Indian people?

**Ms. Leslie:** Certainly, Mr. Harper, I am sympathetic to and aware of the concerns you raise. As spokesman for a provincial organization that does not have a policy statement directly related to the concern you raise, I really cannot make a statement on that issue.

**Mr. Harper:** I think if there was some dialogue between the Indian organization and maybe the school boards, or appropriate authority, you would find that the Indian people would be prepared to pay their fair share of the taxes. Because of the outstanding obligation of the federal Government, the Keewatin Tribal Council was trying to make some arrangement where they would pay grants in lieu of taxes because they received some service for the building and the roads and all that. For the education of students, I think that is where the argument comes forward. I think if we had your support in terms of trying to clarify that situation, it would be a welcome opportunity.

**Mr. Chairman:** Ms. Leslie, did you want to comment on that?

**Ms. Leslie:** Just that I am sure that Mr. Harper is aware that a lot of the Indian band schools are under federal jurisdiction, not provincial public school jurisdiction.

**Mr. Harper:** Yes, what I was trying to say was since it is a federal obligation, I think the bands would direct the federal Government and make them pay on their behalf to the provincial Government, since one level of Government cannot tax another level of Government. Bands are not officially recognized as a level of Government yet, but hopefully the responsibility would rest with the federal Government.

**Ms. Leslie:** Thank you.

**Mr. Roch:** I just want to make a comment. There is no doubt the Department of Education and Training could have passed on your request to the Department of Rural Development. You mentioned that you were able to put this brief together, I suppose, in three working days. I guess it is very short, but how much time do you feel you would have needed to put together a proper brief, or to properly research, analyze the Bill, and get your concerns out? Do you feel that you have been able to in this short time span?

**Ms. Leslie:** I can assure you, Mr. Roch, we have a very competent staff at the MAST office. I think given a few more days, we could have had the data and the information that you have requested this morning, certainly.

**Mr. Roch:** Do you feel that if it was so desired in the requests that were made, information could be brought to us prior to the goal of the Government to have this Bill passed which is before the 15th?

**Ms. Leslie:** We would certainly attempt to provide you with any information that you require in order to review

or amend the legislation that now is being proposed. You simply have to make a request to our office on Provencher, and we will certainly do our best to provide that information for you as quickly as possible.

**Mr. Roch:** Do you feel, as some presenters have stated, that there is a great urgency to have this Bill passed as soon as possible?

**Ms. Leslie:** I am sorry. Did you ask, do I agree with that?

**Mr. Roch:** Right.

**Ms. Leslie:** I think it is indeed important that this legislation be passed as quickly as possible. We have a Minister of Education and Training (Mr. Derkach) who is required to make funding announcements by the 15th of January, and without that information that is going to be a very difficult thing to do. School divisions require that information in order to financially plan.

**Mr. Plohman:** Just on that, I know I do not want to prolong this, but it has been a very interesting discussion and informative. I just wanted to ask whether the school boards have ever received that information later than the 15th of January? If so, what are some examples, if Ms. Leslie could give us that and also whether in fact there could be a delay? Did I get your name right, it is Ms. Leslie?

**Ms. Leslie:** Brenda Leslie.

**Mr. Plohman:** Brenda Leslie, okay. Sorry. Whether there is another date that you have discussed as a possibility? It is physically impossible now, at this time, to get that information out according to the legislative requirements of January 15.

**Ms. Leslie:** You are questioning whether the announcement has been later than January 15. To my knowledge over the last numbers of years, the announcement has been around the 15th of January, and the Government I think has worked very hard in order to do that. I think the trustees are always willing to co-operate with the Government for the best interests of both of us. I think certainly if the Minister of Education and Training (Mr. Derkach) found some difficulty in making that announcement by the 15th of January, that in consultation with trustees, I am certain we could work out some variance in that announcement.

\* (1250)

It certainly is an announcement that does need to be made within the very near future in order for us to plan and budget and decide on our special levies by the 15th of March.

**Mr. Chairman:** Thank you. Are there any other questions? Thank you very much, Ms. Leslie, for your presentation.

**Ms. Leslie:** Thank you. Enjoy your lunch.

**Mr. Chairman:** Before we adjourn, is it the will of the committee that we return at 1:30 or at—

**An Honourable Member:** Two o'clock.

**An Honourable Member:** 1:30.

**Mr. Chairman:** Mr. Findlay.

**Mr. Findlay:** We have a number of people here who are waiting to give presentations. I think in the interest of expediting things for them, I think we should reconvene at 1:30.

**Mr. Chairman:** Mr. Taylor was first, Mr. Plohman. Mr. Taylor.

**Mr. Taylor:** Yes, Mr. Chairperson, quite frankly we had counted on there being an hour. We have some discussions we wish to have as a result of delegations this morning. Our offer to compromise, we will cut it back to, say, quarter to two. That cuts it tighter but we have to do some discussion before we get into the next delegation. I quite frankly want the time to do that. If the committee is agreeable, let us call it then quarter to two and to reconvene and go to about five.

**Mr. Chairman:** Is it the will of the committee that we return at 1:45? Okay? (Agreed)

## RECESS

\* (1350)

**Mr. Chairman:** The committee on Municipal Affairs is called to order.

We will continue to deal with the briefs in the order that we had agreed to prior to starting this morning. That is, I will give you the order in which we are going to take them in. We will start with Mr. Brunel Jutras from the R.M. of Montcalm. Then we will go to Reeve Jake Schroeder from the Rural Municipality of Rhineland, and then John Giesbrecht from the R.M. of La Broquerie, then Bill Martens from the R.M. of Morris, if that is the will of the committee. Mr. Plohman?

**Mr. Plohman:** Yes, Mr. Chairman, is the first individual from out of town as well? Is he here? It would seem to make sense that as we go down the list, we are dealing with out-of-town people.

**Mr. Chairman:** Yes, the others are out-of-town, Mr. Plohman.

**Mr. Plohman:** Mr. Manchulenko is also out-of-town, is he not?

**Mr. Chairman:** He did not indicate his preference, Mr. Plohman.

**Mr. Aron Friesen (Reeve, Rural Municipality of Hanover):** Sir, I am out-of-town, too.

**Mr. Chairman:** What is the name?

**Mr. Friesen:** Reeve Aron Friesen.

**Mr. Chairman:** Okay. We will start by calling Mr. Brunel Jutras from the Rural Municipality of Montcalm.

**Mr. Brunel Jutras (Rural Municipality of Montcalm):** Thank you, Mr. Chairman.

Honourable Jack Penner, Members of the committee of the Legislature, ladies and gentlemen. On behalf of the Council of the Rural Municipality of Montcalm, and particularly on behalf of the people whom we represent, I would like to thank you for giving me the opportunity to speak to you today regarding Bill 79, The Municipal Assessment and Consequential Amendments Act.

This Bill has been long overdue. We, as municipal council, applaud the efforts made by Mr. Penner and his Government for finally undertaking such a difficult task. I will attempt to keep my remarks brief and limit myself to the following points:

1. The Board of Revision, Part 8. For example, Bill 79 takes away some of the powers that we, as municipal council, reluctantly had in the past. Every year in the fall, council sits as Board of Revision. In many instances the board is required to act as judge and jury when some ratepayers appeal their liability to taxation. These appellants would introduce documents such as audited financial statements in attempting to prove to the said board that their income from farming was greater than from other sources in order to qualify for tax exemptions for farm buildings and dwellings.

Speaking on behalf of the majority of council members in the rural area, we know most of the ratepayers on a personal level. We are quite often forced to make controversial decisions without the proper training regarding their finances. I am not an accountant, lawyer or a tax expert, nor do I pretend to be. By assessing all homes and buildings within the Province of Manitoba, whether rural or urban, some of these harsh decisions will no longer have to be made by us. On occasion, the decision which council would make was legally right, but morally questionable.

We feel that the said Bill 79 will not eliminate all decisions to be made by the Board of Revision, but will clarify who should be taxable and who should not.

2. The Property Classifications. The nine property classifications in Bill 79 for assessment reform will make our property tax system more equitable. We strongly support this part of the said Bill. For example, if a person has a hog, dairy or poultry operation on a small parcel of land, why should these buildings be almost exempt from property taxes? Do they not have children attending our schools? Do they not benefit from the same municipal services as other ratepayers? Why should the farmland alone bear the brunt of all the taxes, especially school taxes? Finally, something is being done about this unfair practice. In the future, everybody should pay their fair share.

The phase-in, Part 9, Section 68: Section 68 of this Bill is one point which our council feels could possibly be amended. Adjoining municipalities would certainly have to co-operate as some ratepayers will most certainly object if they own property in one municipality that phases in the new assessments, but owns land in

another municipality whereby the council does not phase in the new assessments. Thus the phase-in option becomes questionable.

Bill No. 79 will eliminate ad hoc programs which have been introduced by the provincial Government in the past few years in order to provide a form of drought assistance to farmers. While these ad hoc programs were appreciated by the farming community, they were never guaranteed, nor were they a consistent policy. Farmers were at the mercy of the Government and it was never known whether these programs would be in existence from one year to the next.

In closing, I would like to say that we, the Council of the Rural Municipality of Montcalm, support passage of this Bill, and aside from minor changes we urge the Legislative Assembly of the Province of Manitoba to pass Bill No. 79. Quick passage is essential as over 200 municipalities are waiting to prepare their budgeted estimates and thus set their mill rates for 1990. We are now entering the '90's, we have been studying assessment reform for the past decade, let us not delay these tax reforms for another decade. Thank you.

**Mr. Chairman:** Thank you, Mr. Jutras. Are there any questions for the presenter? Mr. Plohman.

**Mr. Plohman:** Just briefly, Mr. Chairman, I thank the presenter, Mr. Jutras, for his presentation. I wanted to just ask you very briefly, do you assume from the comments that you have read in the media about this Bill that the Opposition has been attempting to stall this Bill for stalling sake, or do you feel that there is some merit to concerns that have been brought forward and that should be addressed before the Bill is passed?

**Mr. Jutras:** The one comment I would like to make on that is, there is nothing wrong with these committee meetings, especially like I was saying about the phase-in program, which I think could be amended, because that I can use my own farm as an example, where we own farm land in one municipality with no buildings at all on it, and in the other municipality we own land with the buildings on it. If the municipality where we have no buildings phases in the assessments, then our tax would be going down relatively in that RM, whereas in the other one they would be going up because of the buildings and the land without the phase-in. Therefore, it is like I said, the municipalities would definitely have to co-operate to either phase it in or do not phase it in, but do not make it optional for any municipality.

**Mr. Plohman:** Mr. Chairman, I appreciate hearing that specific comment on that one issue which is one of those that we have identified as perhaps need for amendment in this Bill so there would be some consistency and some safety net for some individuals who may not be able to get consideration by their local councils or be treated differently than others in the area.

Another of course is the issue of the two-value system or assessment system for farm land that is under development pressure. Do you have any comments on that? Does it not affect your municipality? Whether it

does or not, do you have any feelings about whether we should be implementing the Weir Commission on that issue, which is as discussed this morning, if you were able to be here this morning, a dual system which is based on agricultural value of the land and another system which is basic industrial potential for the land? The price that could be received in market value and assessed at the lower level as long as it was used for agricultural purposes, until such time as it sold, and then retroactively applying the taxation at a higher rate for the previous, say, five years, as Weir recommended, do you feel that change would be a good one?

**Mr. Jutras:** As far as the two-value system, I cannot see—I think it is a fairly good point, but as you say, as long as it is in agricultural use to be taxed as agricultural land, but being maybe retroactive five years might be a little tough to swallow for the guy who is buying the property, maybe three years would be enough. Our municipality is not at that point right now, that we would have to worry about that. That is just my personal opinion.

**Mr. Plohman:** Did you also feel, Mr. Jutras, that there is a problem with this Bill insofar as a lack of definition of value?

\* (1400)

**Mr. Jutras:** The market value thing could create a problem I am sure at one time or the other because at times of, let us say, in a drought year, if you just happen to be on the year when they are using that assessment, assessing on that year, maybe the market value, there has to be another formula maybe that could be thrown in there also with the market value. The long-term potential capacity of that certain property maybe should be thrown in there also.

**Mr. Plohman:** I was just talking about the lack of definition of market value or value in the Bill, whereas the pamphlets and information that have been put out talk about market value. You are on a different point, and I recognize the position you have taken on that issue. Thank you.

**Mr. Chairman:** Mr. Jutras, do you want to answer that? Are there any other questions? Mrs. Charles.

**Mrs. Charles:** Yes. Mr. Jutras, you mentioned that your council reluctantly sits as a Board of Revision. Do you feel it is appropriate that the council does sit as a Board of Revision, or do you feel that another body perhaps should be sitting on that behalf?

**Mr. Jutras:** I cannot see anything wrong with the council sitting as a board. I did not say that we sat reluctantly. I said we made reluctant decisions. That is what I meant.

**Mr. Findlay:** I would just like to clarify what is meant in the phase-in question here. Do I understand you to say that you would like to see it a mandatory phase-in of three years, or some other period of time?

**Mr. Jutras:** Either/or, either a mandatory phase-in or no phase-in, one of the two, but not option for any municipality.

**Mr. Findlay:** If it was mandatory what period of time would you prefer?

**Mr. Jutras:** I think three years is fine, around there.

**Mr. Findlay:** Okay.

**Mr. Laurie Evans:** Mr. Jutras, I am a little puzzled by the comment that you have made on page 3 where you say Bill 79 will eliminate ad hoc programs which have been introduced by the provincial Government. I would like to know just how you see Bill 79 removing the necessity of some sort of drought assistance being brought in. It seems as though this is a little all-encompassing statement.

**Mr. Jutras:** That could be wrong there. Maybe it will not eliminate them, but the reason why the last two years these ad hoc programs have been introduced was because of the school tax on the farm land to provide some form of drought assistance. That is why I say I meant these ad hoc programs, the ones that we have had in the last two years. I am not saying all ad hoc programs.

**Mr. Laurie Evans:** But surely you are not inferring that the removal of school taxes from the land was a drought-relief program. I would hope not. I would think that the Government's intent, and certainly that of the Opposition, would be to have the cost of education removed from farm land as a principle, rather than as a measure of trying to provide some drought assistance. So I take some exception, I think on behalf of my own Party and I think also from the Government, in that this was not intended as a drought-relief mechanism.

**Mr. Jutras:** Let us just say the timing was right.

**Mr. Chairman:** Okay, are there any other questions for the presenter? If not, thank you very much, Mr. Jutras.

**Mr. Jutras:** Thank you.

**Mr. Chairman:** We will move on to Reeve Jake Schroeder of the Rural Municipality of Rhineland.

**Mr. Jake Schroeder (Reeve, Rural Municipality of Rhineland):** Thank you. Mr. Chairman, Members of the Committee, I would first like to say that some of the briefs that have been read here, especially Montcalm's—we certainly support a lot of what he was saying—but we would like to bring out a few points of our own.

On behalf of my council I want to thank you for this opportunity to present our views on Bill 79, the new Municipal Assessment Act.

Let me start by saying that the R.M. of Rhineland supports Bill 79. We feel that by using one assessment system across the entire province it will be easier to apply the Education Support Levy on an equal basis to all Manitobans. By going to market value and reassessing every three years, property owners are assured of paying only their fair share. We also feel

that the provision for portioning within a described class will assist these properties that are affected more than others when market values are applied.

It is my understanding that concern has been expressed about the value of land around Winnipeg. My feeling is that land should be assessed somewhat higher since people are closer to all major services, jobs and markets.

My council agrees with proposed changes in the assessment of livestock operations. Many of these operations are located on small holdings and have never paid any taxes. It only seems fair that everyone should pay toward cost of municipal services and local education costs. As you are aware, livestock producers get a tax depreciation when they purchase buildings while land purchases cannot be claimed. The new Assessment Act is also flexible in that it allows a municipality to phase in tax increases over a three-year period if the increase is too great in one particular class.

In closing, Mr. Chairman, I want to urge your committee to recommend to the Legislative Assembly that Bill 79 be passed without amendments and without delay. Assessment reform in Manitoba is long overdue, and I feel that we have all had ample opportunity for input into the proposed legislation over the last 10 years. Presented on behalf of the R.M. of Rhineland by myself.

**Mr. Chairman:** Thank you, Mr. Schroeder. Are there any questions for Mr. Schroeder? Mr. Taylor.

**Mr. Taylor:** Reeve Schroeder, did I hear you correctly to say you think this Act is so perfect that it requires no amendments whatsoever?

**Mr. Jake Schroeder:** No, but I think it is fair to say that this piece of legislation has been before the Government for so many years and should be passed because we really do not know what it is all going to do. Amendments could be made later on.

**Mr. Taylor:** To the Reeve again, the proposed reform of the municipal assessment system may have been before us for over a decade as a result of the report of Mr. Weir's submission. A piece of legislation has not been before us for anything like 10 years; in fact it has not been 10 months. If you allow for holidays intervening, et cetera, it has been less than two months. I am a little surprised that there is as much contentment, that we have all seen it and know all the potential repercussions.

We are getting delegations, Reeve, from many people saying (1) we did not know, or if we have it, we have serious concerns. Not that the whole Bill is flawed, hardly, but that there are enough concerns that there is a real anxiety out there among certain organizations, among certain communities, and in particular among many, many farm families who are going to have taxes imposed on them in a fashion that they have never seen before. They are saying, how will this affect our family farm?

**Mr. Jake Schroeder:** Could I ask a question? Can you tell me how much that the increase is going to be?

**Mr. Taylor:** Thank you for that opening. Mr. Chairperson, that is the very question that is being asked. When I talk to a farm family, they say well, we know that we have to pay our fair share, and everybody has been very consistent in echoing that sort of a philosophy. But what does it really mean when I have not had outbuildings taxed? I have not had the main barn, I have not had the granaries, I have not had any other buildings that are now being classified as buildings—for example the grain dryer among other things—but many, many things that were just never taxed before are now being taxed, in addition of course to the farmhouse.

What will that mean in real dollars, and will that farm family be able to continue as a farm family, or will more of its members have to take on additional jobs on the side in the local area or actually in the local town, and start taking town jobs? That is the sort of question that is out there. I wonder if you have not had some of those same questions in your own community.

**Mr. Jake Schroeder:** Mr. Chairman, I do not believe that this is a perfect Bill. I do not think that you can have amendments to make a perfect Bill before you find out what it is all going to do. I believe, if it would be passed in its present form, we would find out what it would do, and changes could be made.

\* (1410)

Going back to the question before, if this is enough time, I believe that Governments before have indicated that 1990 was a target date that this new Assessment Act should be implemented. So that is why I am saying it is now before the Legislature, and I believe it is time for it to be passed.

**Mr. Taylor:** I was wondering if the reeve is aware of the fact that notwithstanding we have had for over a decade the findings of the Weir Commission, the Bill before us that we are reviewing and having public delegations on now is not entirely a new piece of legislation. In fact, huge portions of it are lifted out of the existing legislation to the point where the English contained within many, many sections is nothing short of archaic. I am talking about the English usage, never mind what it is they are trying to convey. Therefore it is in so many ways not a new piece of legislation, not a reform but, if you will, a cobbling together of much of what we have had dating back as far as 1916.

**Mr. Jake Schroeder:** My understanding in the Bill is that it will be a fair taxation. I certainly realize that there might be some bugs in there, but they could be straightened out later on.

**Mr. Taylor:** Reeve Schroeder, what sort of an analysis was done on the legislation by the R.M. of Rhineland? How did you people go at pulling it apart and looking at it and seeing what impacts might be on your jurisdiction?

**Mr. Jake Schroeder:** The way I understand is that a certain amount of money can be needed. That amount of money will be applied to that municipality. The way

I understand it is that this assessment reform will be a more fair way of collecting taxes than it has ever been because we have people that are not paying any taxes at all. We have livestock operations—the people are not farmers, they live in Winnipeg and there are no taxes on their operation. We feel that in our case this will eliminate some of that.

**Mr. Taylor:** Was the Bill made the subject of special sessions of your council so that people could come forward and talk to you, talk to the group of councils of which you are the reeve so that there could be a determination as to what individual ratepayers' impacts would be? Were there discussion sessions amongst the councillors and the administration of the R.M.? Was there a special briefing done by the provincial municipal assessor's staff, or were there outside professionals or consultants brought in? What was the method that the R.M. of Rhineland used to determine its position of being strongly in favour of the Bill as it is without amendment?

**Mr. Jake Schroeder:** This was done only within council. I think you have heard before that there would probably be only a few people that would understand the Assessment Act. I do not even know if all councillors understand it, and I am not professing that I, you know, understand it completely. However, what our discussion has been, and with our problems in our municipality, we feel that this is a Bill that needs to be passed. Like I said before, the amendments could be done later to make them correctly.

**Mr. Taylor:** Well, notwithstanding the statement by the reeve that he and many of the other councillors do not fully understand the Bill; notwithstanding the fact that there were no public meetings, and notwithstanding the fact it would appear that there were no consultants or advisors, be they specialists in the municipal tax field, lawyers or whatever, brought in there, we still have before us a very, very strong recommendation for support to this piece of legislation and without amendment. I am rather left wondering about that conclusion, Reeve.

**Mr. Findlay:** Mr. Chairman, before I ask the question, I would just like to put it on the record that I think it highly inappropriate of Mr. Taylor to question the sincerity of a representation made by a reeve who is elected in his municipality and has a council that is elected. So I think that should be taken into account.

\*\*\*\*\*

**Mr. Taylor:** On a point of order, Mr. Chairperson.

**Mr. Chairman:** Mr. Taylor, on a point of order.

**Mr. Taylor:** I take exception to the comments by the Member for Virden (Mr. Findlay). What I did question was how their conclusion was brought to this table, and I think that is a legitimate question. For you to suggest otherwise suggests that maybe you have not been through enough of these hearing processes, or something lacking in your own experience that you

would suggest anything of that nature. I am rather taken aback at that. You may not like the fact that I have asked some tough questions. We have here a recommendation to support the Bill without any amendments whatsoever. That is the first time we have had a representation of that nature. I asked legitimate questions—

**Mr. Chairman:** Order. A dispute of the facts is not a point of order. We are here to consider the Bill and to listen to the presenters.

\*\*\*\*\*

**Mr. Findlay:** Yes, Mr. Reeve, I will put in on the record that I consider your point of view a very valid point of view, and I thank you for bringing it forward. I would like to ask you, in your second paragraph here, you are talking about land around the City of Winnipeg, and you suggested that it should be assessed somewhat higher. Do you not support the two-value principle, or do you think there should be a modification of a two-value system?

**Mr. Jake Schroeder:** It is my understanding that land around the City of Winnipeg sells for a higher price than a lot of other areas. I do not think there should be two systems to take that into account.

However, having said that, if there is a subdivision for development, that is a different matter. I do not know if I really have a feeling of taxation going back, but there might be a two-year period where a subdivision takes place that within two years it would be taxed at the value.

**Mr. Chairman:** Okay, thank you. Mr. Roch.

**Mr. Roch:** I would just like to make the comment, Mr. Chairman, when I read the last paragraph where Reeve Schroeder would like to see the Bill passed without amendments and without delay. Could you clarify that a little bit? Why would you not want any single amendments at this point? I mean if that is the purpose of the committee, that is the purpose of having third reading, that is the purpose of having clause by clause to make amendments. The Government sometimes amends its own Bills, you would be opposed to the Government even putting forth amendments to its own Bill?

**Mr. Jake Schroeder:** If I may explain this, when I am saying this, if this will delay this Bill, then I believe there should be no amendments. If the Bill is not delayed then some amendments could be made.

**Mr. Roch:** Then you are saying somewhat what Premier Bourassa of Quebec is saying about Meech Lake: pass it now and we will amend it later.

**Mr. Jake Schroeder:** Well, no, I am not going to say that.

**Mr. Plohman:** I just want to clarify for the presenter, when Members are questioning the way the decisions

are arrived at, they are not questioning the sincerity of the presenter, and I agree wholeheartedly with Mr. Taylor's reaction to the comments that were made earlier by the Agriculture Minister.

The fact is that your municipality and yourself as reeve have chosen to make some rather blanket statements, strong statements, to be passed without amendments, and now you have clarified that somewhat but it certainly is a dangerous way to make a law. When you are dealing with something that affects so many people in the province, you want to make it as good as you can. We always strive to make things perfect but we know we never get there. When we know there are problems, certainly we want to straighten them out and deal with them and that is why we have people like yourself coming forward. When you make your valid points we try to incorporate them.

Your statement has thrown us off a little bit when it seems to reflect that you simply want this passed come hell or high water. I think that is unfortunate because all of us are trying to do our best to improve the Bill here and we are all sincere in this process.

\* (1420)

Without that statement, I do have a couple of questions, Mr. Chairman, one of those dealing with the value of land around Winnipeg that you referred to. The Weir Commission was talking about development pressures on land anywhere, it could be around the Town of Winkler, it could be around the Town of Dauphin, it could be around the City of Brandon, wherever there is an artificial, we could call, pressure because of industrial development or residential development that drives up the price of land, and yet the people around that area still want to farm that land. Should they be paying the taxes at that higher industrial level or residential level that the price of that land would fetch on that kind of market, or should they be paying taxation based on assessment on the agricultural productivity of that land?

What I would like to ask you, is, if you would support an amendment—under your caveat, of course, that it does not delay the Bill— that would allow for a two-value system that would be fair, so that a person would not have to pay taxes at, say, \$75 an acre because his land is subject to developmental pressures, when he still wants to farm it for agricultural purposes. Would you agree with the two-value system that could be put in place anywhere in Manitoba where there are developmental pressures that artificially drive that land up—to assist in keeping that land in agricultural use, rather than using and seeing so much of our valuable farm land go into residential and industrial use and lost forever to production for food?

**Mr. Jake Schroeder:** The way I understand it, once you start subdividing and you apply for a subdivision, then that land is available for speculation. It would bring a lot more than land that is being farmed.

What I am talking here about is farm land that sells for a higher price around Winnipeg, and I am not talking about farm land that is going to be developed. What

I understand is that farm land around the city is selling for a higher price, and because of that what I am saying is it should be assessed at a higher value, because they are close to a market.

When I load a load of pigs at my place it costs me \$50 to come to Winnipeg. When a hog operation 10 miles from Winnipeg loads up a load of hogs, it may cost him \$10, and that is why I am saying we are so far removed from the market that the value of land closer to the city should be higher. I am not talking about the industrial development. I have my feelings about industrial development, yes.

**Mr. Plohman:** Okay, so for clarification then what you are saying is that the geographic location of the land should be considered when determining the value of agricultural land. I think that is something that the assessor's department already does and will do.

What we are talking about is where there is another pressure on the land, and that is the industrial pressure or residential or subdivision, should there be a recapture of the taxation at a higher level for a period back? If that land is rezoned, say, now, but it is not actually used for another purpose for, say, 10 years, should at the time that the use changes, should there be a retroactive taxation at the higher level of that land?

**Mr. Jake Schroeder:** According to my knowledge I did not know that you could subdivide 10 years ahead of time and then leave it as dormant.

**Mr. Plohman:** In some cases people have.

**Mr. Jake Schroeder:** I did not know about that. In our case we always deal with it within a couple of years.

**Mr. Plohman:** Mr. Chairman, you would agree then that there could be a higher taxation level at that point once the land's use is changed, would you?

**Mr. Jake Schroeder:** Yes, Mr. Chairman, I am not living close to Winnipeg. I do not know what is going on with the developers, so I would not want to comment on that. I hope you see my point, because I do not know how long ahead of time a developer will purchase this land and keep it in farming and develop it later. In our case this does not happen.

**Mr. Plohman:** Mr. Chairman, I just want to make the impression that it is not just around Winnipeg, although that is where the problem is most severe. There are many cases around towns and villages, that there may be development pressures that would drive up that land, but as long as it is being used for agricultural purposes, what we are saying is that it should be assessed at a lower level.

Once the use changes there should be a retroactive recovery at the higher level in all cases where there is a two-value system in place, where there in fact would be a market value for other purposes than agriculture that is higher than the agricultural value of that land, wherever it might be. That is just what we are looking at, and I just wondered whether you had some

comments, because you did say that land around Winnipeg should be assessed somewhat higher, but without qualifying it, as what you meant. I think we have agreed on that now that it is assessed somewhat higher because of its location. Now dealing with this other issue, would you support that kind of position?

**Mr. Jake Schroeder:** Mr. Chairman, could you maybe enlighten me on—What you are asking is: let us say a farmer would sell to a developer for \$15,000 an acre. Are you asking that that land should be assessed at \$15,000 an acre or are you asking that that land should be assessed at farm market value? Is that—

**Mr. Plohman:** What we are saying is: the Weir Commission said, Mr. Chairman, that there would be a two-value system. One, for example, if a piece of land sold for that, it means that land in the surrounding area would all be under pressure to increase in value—artificially, of its agricultural value. Therefore the higher cost then would form the new assessment base and the person might be paying something like \$75 an acre for his taxes on there, even though he is still using it for agricultural purposes.

What we are suggesting is that once the land is sold for other purposes and the use changes, then there would be a retroactive recovery of the taxation at that higher level, but as long as it stays in farming, it would be at the lower agricultural level.

**Mr. Jake Schroeder:** Mr. Chairman, I feel that if there is a farmer that sells for a big price, should start paying taxes on that land because it has been sold for a big price and somebody has to pay. There should not be a windfall. There should be a tax on that windfall.

**Mr. Plohman:** I will leave it at that, Mr. Chairman.

**Mr. Findlay:** Thank you very much, Mr. Chairman. I would like to express my appreciation for both the previous presenters for having taken the time to discuss with us their views on this Bill and also for the expressed support of this Bill. I think it is an indication that we have for a long time waited for some other way of assessing properties and thereby applying a far more equitable way to applying taxations at the municipal as well as school division, level.

I want to indicate to you, Mr. Reeve, that although we indicated clearly to all Opposition Members that our department would be available to brief them at any time on the Bill, there was only one Member from one of the Opposition Parties and two Members of another Opposition Party that took advantage of that opportunity to be fully briefed on the contents of the Bill. Maybe some of the indications as to the questioning on this Bill indicate to you that was the case. So, again, thank you very much for coming.

**Mr. Chairman:** Thank you very much. Mr. Plohman, have you a question?

**Mr. Plohman:** No. I have a statement like the Minister has. I do not think it is fair to this committee and to the public to be arguing about what the process was

of consultation. We have asked for information from this Minister and have not received it yet on the impacts on the City of Winnipeg and on rural areas and—

**Mr. Chairman:** Order. Are there any more questions for the presenter?

**An Honourable Member:** There are none.

**Mr. Chairman:** Thank you very much, Mr. Schroeder. Thank you very much.

Our next presenter is Mr. John Giesbrecht from the Rural Municipality of La Broquerie. Have you a written presentation, Mr—?

**Mr. John Giesbrecht (Reeve, Rural Municipality of La Broquerie):** No. I do not. Sorry about that.

**Mr. Chairman:** You will just present. Okay.

**Mr. Giesbrecht:** Thank you for the opportunity to make this presentation to the committee. As you know, and has been said before this afternoon and I will not repeat everything that has been said, we have been studying reassessment for the past 10 years or more and it is high time we continue to and do something about it.

Both the present Government and the Government before it, realized that farm land was carrying too large a tax load and both Governments have seen fit to implement some kind of compensation—once at 25 percent and then at 35 percent. I would like to commend the Government for taking those steps and realizing that farm land was being taxed too highly.

\* (1430)

There is a lot of talk about market value and how you would reach market value. I know it is not an easy thing to reach, but I think we have to realize with this new Bill that we are really only concerned about the market value of the land within your school division. If the land in a different school division is a different value, it would not really affect us that much.

We are also moving to taxing farm buildings which has not been done in the past. I come from southeastern Manitoba where there are a lot of farm buildings compared to other parts of Manitoba, and I can give you some figures, roughly. In our municipality we have \$2.2 million assessment in land and \$2.5 million assessment in exempt farm buildings. That would hold true in our school division, approximately.

Now if we are going to raise the same number of dollars in special levy in 1990 as we did in 1989, the only switch we would have would be from farm land to farm buildings. If the farmer had as much assessment in farm land as he had in farm buildings, his taxes would not change. He would save some money on farm land and he would pay it on farm buildings. The only place where we would see a big change is where the farmer had no land, or a very small piece of land, let us say 15 or 20 acres, and a large amount of buildings. He would then pay more tax, but in the past he has paid no tax at all on that. We would also see a switch

if the farmer had a lot of land, let us say he farmed two sections of land, and very few buildings. He would save some money. Both Governments have agreed in the past that the grain farmer was paying an excess in taxes.

I do not think we can solve all our problems with the Assessment Bill. We are trying to solve far too many problems with one Bill. I think it is time we passed a Bill even in its present form or with minor changes, see how it works out next year and the year after, and then make amendments to it. I am sure that no matter how long we wait with passing this Bill, there will be amendments to be made. It will not be perfect.

I have one concern, and that is the phasing-in part. I can live with that. I think we can handle that; we will be okay. The empty farm buildings do cause me some concern. I wish we had a mechanism there where we could—I do not know how, but I can understand if a dairy farmer retires and sells his cows, and his son is going to school and maybe in three years wants to come back and pick up that dairy farm, this retired farmer will be paying a high tax on empty dairy barn. There is a problem there. I am not sure how to solve that problem, but I realize there is one.

Again, I am going back and saying that the present system is worse than that one would be. We are making an improvement in this system, so do not delay the Bill because all the kinks are not worked out of it; they never will be. So I think we should pass the Bill with minor changes and take a look at it in the next few years, and improve on it. The old Bill was such a Bill we could not improve on anymore.

I can also give you examples of people who have to take off-farm jobs and work at a not very high wage in rural Manitoba, a fair wage I would say, and pay tax on their house. I will pick the chicken operator who, because he was supply-management and can pass his costs on to a point, will pay a fraction of the taxes that his neighbour across the road will pay just because he drives a school bus. Or if a farmer retires when he reaches the age of 65, in many cases his house today becomes taxable. Last year it was not. Now he is 65 and we put a tax on his house. That old Bill did not make any sense at all. I think it is time we change it, that we pass a new one with minor changes to it and get on with the job from there on. Thank you.

**Mr. Chairman:** Thank you, Mr. Giesbrecht. Mr. Roch.

**Mr. Roch:** I just want to clarify a little more on the taxing of outbuildings. Are you saying that you would want to leave it as is for now and see what can be done in the future, or do you suggest some ways of improving or changing the current situation?

**Mr. Giesbrecht:** No, I do not think we should leave it as is. If we could make changes to it to somehow clear that area up, I would be happy; but if not, I would like to see the Bill being passed this way and work on it in the coming year.

**Mr. Roch:** Do you have any specific recommendations as to how the outbuildings should be treated before this Bill is passed?



**Mr. Giesbrecht:** I can give you ideas, you know, but I have not researched them very far. You can probably shoot holes through them and you probably will. But, if a barn was empty, we will say for two years, for example, maybe we should then drop the assessment on it to 50 percent or 35 percent or 60 percent, I do not know. But leave it empty for two years and, instead of the guy tearing it down or moving it away, drop the assessment on it to 50 percent of what it was before until he uses it again.

We in the rural area, the councillors, know their neighbours very well. There would not be a barn that was standing empty one year and being used the next year, and his neighbour would not notice it. It would be noticeable and be picked up very, very quickly.

**Mr. Roch:** I think that is an excellent suggestion, actually.

On a different subject, in the area of phasing in, do you feel it should be left to each individual municipality or should it be compulsory across the province, the same all over the place?

**Mr. Giesbrecht:** I think it should be left to the individual municipality. In the past we have had—the section is changed, but if I say Section 888—triple eight, most of us know what I am talking about. We in La Broquerie have had 15 mills on farm buildings for the past five or six years, and the nearer municipalities had a different rate. So there has been difference between municipalities in the past, and if there was for the next three years a little bit of difference, it would not be that bad either.

**Mr. Plohman:** Mr. Chairman, I would like to ask Reeve Giesbrecht how he would, in fact, implement a phasing in, in his municipality? Has he discussed this with the council? Would he phase in all the increases over a certain percentage, or do it on a case by case basis, or how would he apply that?

**Mr. Giesbrecht:** You could not do it on a case by case basis. It would have to be over the whole municipality. The way I look at the Bill now, in our municipality, I do not think I would use the phasing at all. Seeing that our assessment on buildings and land is about equal, there would not be much switch there.

**Mr. Plohman:** Well, what if there was a 50 percent increase for a livestock producer in the area? We have to make these hypothetical because we do not have the portioning, we do not have the figures, so I have to ask the question on the basis of a hypothetical case. I believe that there will be many cases like this throughout the province, where there are substantial increases, and there will be a shock felt by that individual with the major increase impacting in one year. What would you expect would be a fair way to deal with that?

**Mr. Giesbrecht:** Well, I would prefer to give him the shock, to tell you the truth, because he has got away with a very low tax bill in the past number of years. I can give you an example. My son-in-law is a chicken operator. He has a broiler/breeder flock, and he pays

a tax bill of about \$50 a year. I think if he, next year, would pay a tax bill of \$450 to \$600, I would not even feel sorry for him. That is close to home.

**Mr. Plohman:** Mr. Chairman, I guess that is one of the things that makes me a little bit afraid about this phasing, left in the hands of each individual municipality, where there will be different treatment. Some will have the view that you do, that they got away with this long enough and, by gosh, we are going to get them. Others are going to say, well, yes, we want to move towards fairness and justice, and everyone paying their fair share, but we do not believe we have to correct all the evils of the world in one night, in one day. We want to work towards that, so we believe that these increases should be phased in over a period of time so that there is no major shock rate increase.

That is why I asked the question as to how you would do it. From what you have said, you would be pretty hard-nosed about it and basically let the people absorb the increase. That might present some problems for some people, in concert with all of the other increases that they face in the drought, and low commodity prices, and just the cost-price squeeze that farmers have on them at the present time. Do you not think that the Government should look at some kind of a maximum, where phasing would be required above a certain number—percentage and dollar figure?

**Mr. Giesbrecht:** You are still taking the same amount of dollars out of the farm community. You are just taking a switch from one farmer to the other.

**Mr. Plohman:** Oh yes, that is pretty important.

**Mr. Giesbrecht:** Yeah, but see, you are still taking the same many dollars. So you are saying to me that the grain farmer today can afford the taxes better than the livestock producer. I think they are both in the same boat. I do not think either one can afford too many taxes, but if I had to make a choice right now—I am not a grain farmer, okay, I am a cow/calf operator—but I would say the grain farmer needs a break.

\* (1440)

**Mr. Plohman:** Mr. Chairman, I am not saying that they can afford it, I am saying no one can afford it right now. It is very difficult in the rural areas for farmers, I agree with the reeve. The problem that we have is the impact as we change, we go from one system to another. All I am trying to say is that burden, that transition period, should be as gentle as reasonably possible rather than hitting an individual with a major increase. That is the proposal that I think would be fair and I wanted to get your reaction to it. I guess I have.

**Mr. Giesbrecht:** I would not argue with the phase-in period either. We waited 10 years, we phased in for three years. I would not come back here tomorrow and argue that is not fair, you know. I would accept a two or three year phase-in period, no problem.

**Mr. Pankratz:** I would like to thank Mr. Giesbrecht for his presentation, and I appreciated the comments that

he indicated that the Bill was not something that was perfect, but possibly we could live with it now and improve it over time.

You indicated your empty dairy buildings should have sort of a reduction in assessment. I would just like to ask you, how do you feel about that, let us say in an instance where possibly a farmer cannot afford to farm his land anymore? Would you feel that it should be done the same on the land as well?

**Mr. Giesbrecht:** It is not quite the same. It is not quite the same for the reason that your land does not depreciate when it is not being used; it would probably improve. It is just not quite a fair comparison. The farmer, if he did not want to farm his land, wanted to keep it for his son to farm in three years, he may rent it out. To rent a dairy barn out, or to rent a chicken barn or a hog barn is more difficult. It is easier to receive some value off a farm land if you are not using it, than it is a empty barn. Some barns you could rent out, but few.

**Mr. Pankratz:** The fact also remains that a dairy barn, for whatever length of usage you have had it, you can depreciate it, whereas land, the value of the land and your initial cost, you have no depreciation on it whatsoever.

I was just wondering, because I think in your municipality as well as some of the other municipalities in the southeast, there is quite a bit of marginal land, and the way we saw some of the prices and some of the drought the last couple of years, then I would venture to say that some people might have been better off not to seed. I was just going to say, that would have been putting them in the very same category as possibly a barn without a milk quota. I was just wondering, but—

**Mr. Giesbrecht:** I agree with what you are saying, to a point, but I did not want to have a farmer sell his dairy barn, and then three years later finding out that maybe he should have kept it for his son or for his daughter, and that piece of land does not get moved away. It might get sold, but it can always be bought back. When your barn is torn down or sold or moved away, it is a little more difficult. Moving land is pretty hard.

**Mr. Penner:** I would very briefly like to thank the Honourable Member, reeve, for the presentation. I think some of the comments he has made indicate clearly the difficulty that we have had in drafting the Bill. He has demonstrated again, by his knowledge on the complexity of the Bill—and regarding farm, especially the agricultural area and how you deal with buildings—

I very much appreciated the comments that you made in regard to the empty buildings, although I would suggest to you that maybe the same sort of concerns can be raised by some urban mayors and/or business people, when businesses stand empty, and how you deal with the assessment and the values of those properties. Again, thank you very much for the presentation.

**Mr. Chairman:** Thank you, Mr. Giesbrecht.

Our next presenter is Mr. Bill Martens from the Rural Municipality of Morris. Do you have a—

**Mr. Bill Martens (Rural Municipality of Morris):** I have a written brief, and I believe it has been distributed.

**Mr. Chairman:** You may start, Mr. Martens.

**Mr. Martens:** I would like to thank the Chairman and this committee for the opportunity of making a presentation on behalf of the R.M. of Morris.

I would like to start with the brief as such. We realize that since the start of assessing land and buildings for the purposes of collecting property taxes, the basic policy of what is taxable and exempt from taxation has remained virtually unchanged since it was first installed.

\* (1450)

For many years the cities, towns, villages and rural municipalities of the Province of Manitoba have been requesting a change in the assessment system, whereby the tax assessment structure would allow a more equitable distribution of the tax burden. The provincial Government has proposed a change in the assessment system. Through these changes the farm buildings would now be taxed, but the provincial Education Levy would be removed from the farm land. It has always been stated that all residences should be taxed, because it is the fact of there being a residence that directly reflects the costs, services and educational needs required for a community and throughout the province.

Therefore, shifting a portion of the education tax burden from the farm land to the buildings and residences is what has been demanded for many years. Bill 79 proposes to have land and buildings at market value assessment, which would address the economic disparities in the various areas of the province, thereby reflecting the ability to pay their respective property taxes.

The Rural Municipality of Morris supports the initiatives and direction that this Government is proposing in the changes to the assessment Act and that delays, in implementing this Bill at this time, would possibly reflect a degree of irresponsibility. We feel that Bill 79 is directed in the right direction and that it should be allowed to start and to function.

We fully realize that no new program by any Government is ever flawless, and that this Bill may uncover minor alteration needs for some administrative purposes once the program is operating. However, delays will not likely realize these needs until the system is operating.

Therefore, the Rural Municipality of Morris encourages the implementation of Bill 79, which affects our assessment system, and that any delays to the program be very short in duration, and that the 1990 taxation year will still see the start of this program.

I thank you very much.

**Mr. Chairman:** Thank you, Mr. Martens. Are there any questions to the presenter? Mr. Plohman.

**Mr. Plohman:** Thank you, Reeve Martens. You are not the reeve, I guess—a councillor.

**Mr. Martens:** No, I am a councillor.

**Mr. Plohman:** Mr. Martens, have you determined the general redistribution of taxation within your municipality from this Bill as a result of the proposals that the Government is making with this Bill?

**Mr. Martens:** We have not done any calculations as such. However, we feel that the building assessment is much more minor as compared to the agricultural land base assessment, so we feel that the burden being passed on to the dwelling owners or the additional taxpayers would be a minor reflection in our municipality.

**Mr. Plohman:** By minor, Mr. Martens, would you say that 20 percent of the people will face a substantial increase, or have you no way of estimating that in terms of their buildings now being subject to taxation—and there would be a shift within the agricultural classification, obviously, from land to buildings? There has to be building-intensive farms in your municipality. These may be on large tracts of land, so there would be an offsetting reduction and there may be no major increase, but there may be others that are on small tracts of land and will have a rather major increase. Do you have any idea how many of those out there are in your municipality?

**Mr. Martens:** Yes, we would have very few in numbers of that nature, and I would have to hazard a guess. We have not done an accurate study, but I would have to hazard a guess that there would be less than 10 in our municipality.

**Mr. Plohman:** Ten individuals. Would that, Mr. Chairman, warrant phasing in that increase for those 10 individuals—suppose there were 10?

**Mr. Martens:** Mr. Plohman, we have given that some consideration, and after discussion we felt that if there was a phase-in program at all, we would like to see a major portion of the shift, probably as high as 50 percent, instituted in the first year, and 25 percent of the shift instituted in the following two years. We would definitely like to see the major shift initially.

**Mr. Plohman:** Yes, when you are saying percentages here, you are talking percentages of the increase, as opposed to percentages of the existing base?

**Mr. Martens:** That is correct.

**Mr. Plohman:** Would you also, Mr. Chairman, look at a minimum dollar value before phasing would take place, say over a \$100, or would that be something that you would not consider?

**Mr. Martens:** We were given the impression that the top 30 percent of change in assessment would be

forwarded to the municipalities, and we were quite prepared to work with that top 30 percent of change. In other words, if you have a major shift in taxes, the uppermost 30 percent of that shift would be forwarded to the municipalities by this Government and we would address that list that was forwarded to us.

**Mr. Plohman:** I do not know how that would impact on individuals because you are talking about the upper 30 percent, it really does not say anything. If there was a change of say \$500 in the individual's taxes as a result of this shift, in other words an increase of say \$500 and that represented a 50 percent increase in the taxation, would you see that being something that should be phased in? If it was less than \$100, would you say there is something that should be phased in no matter how high the percentage?

**Mr. Martens:** If the Government chose—and I have to agree with some of the previous presenters that either there be an overall phase-in period or there be none at all. I would like to see a uniform policy implemented in this area. If a phase-in were chosen by this Government, I would have to tend to agree. If there was a \$500 shift in taxes, then it should be addressed, but I think something as minor as \$100 need not even be looked at.

**Mr. Plohman:** So \$100 is looked at as insignificant by you for an individual in your municipality not sufficient to want to phase over a couple of years, but \$500 would be. Anywhere in between you are not sure where the threshold should be.

**Mr. Martens:** I guess we would look at some direction from Government in this respect and our own feeling is that a \$100 shift is very minor and that we would not even want to address it. I think we would probably cause as many disparities by addressing those minor changes as we would by neglecting the larger ones. Thank you, Mr. Chairman.

**Mr. Chairman:** Any other questions? Mr. Minister.

**Mr. Penner:** I would again like to thank you very much Councillor Martens for coming to make your views known. Again, they concur with many of the other things that have been said around this table and I appreciate the support that you are suggesting that we move the Bill rather quickly and implement it. It has been a long time. Thanks.

**Mr. Chairman:** Thank you, Mr. Martens. Our next presenter is Reeve Francis Benoit from the Rural Municipality of Ste. Anne. Do you have a written presentation with you?

**Mr. Francis Benoit (Reeve, Rural Municipality of Ste. Anne):** No, I just found out about this meeting here I think on Friday or Friday evening. We went out for three or four days and that happened so I did not have one. I just wrote one out.

Mr. Chairperson and board Members, I have something here I want to present to you. It is regarding

the Municipality of Ste. Anne, a release in the press, and I am going to pass it around to each Member, because there are reasons for it that there are other municipalities named in it. I do not want to name other municipalities in this press release. Is that all right with you?

**Mr. Chairman:** I wonder if you could pass that to the clerk and she would be glad to distribute it, Mr. Benoit—Mr. Plohman.

**Mr. Plohman:** I do not know whether the reeve is saying that he does not want this to be public or he does by distributing it to us. I did not quite understand what he meant by not distributing the names of others and I just want him to know that when it is distributed, it is a public document.

**Mr. Benoit:** Yes, I will tell you. First read it and then I will read it out to the public that want it. You read it and you give me your—should it be read to the public? There are other municipalities named in this presentation on prices of land and this is your prerogative. If the board says read it, I will read it out.

**Mr. Plohman:** Well, just on the point of order or information for the presenter, I just want him to know that once he has distributed it, it is public information and it will become public and he should know that. He should know that, it is now public.

**Mr. Benoit:** I know that, I am quite aware of that.

**Mr. Chairman:** It is already public, Mr. Plohman, so—

**Mr. Benoit:** I do not want to mention other people's names, probably out of our jurisdiction. You can read it first. I can proceed. I will come back to it further back if you want to read it first.

**Mr. Chairman:** Just carry on then, Mr. Benoit.

\* (1500)

**Mr. Benoit:** As reeve of the R.M. of Ste. Anne, the municipality, we believe that in 1990 we are going to proceed with the assessment reform that has been hanging over our heads for the last 10 or 12 years. I have been on council and reeve commencing my 10th year. The first meeting that I ever attended outside of council was the Assessment Review Committee in 1981 and many others since. I consider the R.M. of Ste. Anne a municipal corporation with growth. With \$9.5 million of actual assessment and with \$6 million of exempt assessment, for a total of \$15.5 million assessment under the present system, \$6 million worth of assessment are not paying their fair share of taxes. These represent mostly intensive livestock productions.

Land prices of \$1,213 per acre, it makes no difference whether \$500 an acre or \$200 to the municipality. The municipality requires a certain amount of dollars. The price has no bearing on the price of land. I believe that we have, in that release of statement, probably the highest priced land in the Province of Manitoba outside

of the City of Winnipeg. We are not attached to the City of Winnipeg. These are agricultural land prices in the Municipality of Ste. Anne.

I hope you have read all the statement. The only difference that comes into play are school taxes which are totally out of our jurisdiction. If there is going to be any subsidization of school taxes, they should be school taxes, not municipal. The amendment belongs to the upper levels of Government. Remember, we are only the collectors of school taxes.

The Municipality of Ste. Anne is a highly intensive livestock operation. It is understandable that there is going to be quite an adjustment on municipal assessment. We also have to realize that the municipal and school taxes are considered a provincial and federal expense. Reform has been brought up every year at municipal conventions and district meetings. Finally, we have objections, last minute, last hour. Let us hope that in the near future we can proceed with this very important legislation. I thank you.

**Mr. Chairman:** Thank you, Mr. Benoit. Are there any questions to Mr. Benoit? Thank you very much for your presentation. I would now like to call Reeve Fern Berard from the Rural Municipality of De Salaberry. We have a copy of your presentation. While the Clerk distributes them you may start, Mr. Berard.

**Mr. Fern Berard (Reeve, Rural Municipality of De Salaberry):** Mr. Chairman, Honourable Ministers, Members of the Committee, as Reeve of the Rural Municipality of De Salaberry I am here to address this body today to support the passage of Bill No. 79, dealing with assessment reform in Manitoba.

Changes to The Assessment Act have been a long-standing issue with our rural municipality and I am sure with most others, too.

The proposed new legislation we feel is an honest attempt to address some of the inequities which have existed in the way properties have been subjected to or not subjected to taxation in the past. With all the diverse new properties and property uses which have been created over time, a 60-year-old system has to be changed.

We believe that all Manitobans are willing to pay their fair share of property taxes. The introduction of uniformity in the assessment process throughout the province, the updating of current market values for properties and the elimination of certain exemptions we hope will provide more equitable distribution of property taxes among all Manitobans.

We understand that the timetable for the implementation of these assessment reforms in the 1990 taxation year is crucial to passage of this important Bill without undue delay. We as municipal officials have a responsibility toward our ratepayers of our municipalities, budgets have to be prepared, assessment and tax notices have to be mailed, and other new administrative changes will be necessary as a result of these proposed changes.

We urge, therefore, that all political Parties will cooperate in bringing about this legislation for the benefit of all Manitoba property taxpayers.

**Mr. Chairman:** Thank you, Mr. Berard. Are there any questions to Mr. Berard? If not, thank you very much for your presentation.

Okay, we will go back to the top of the page and start with Mr. William Manchulenko. Is he here? If he is not here, we will continue.

Mr. Philip Fontaine from the Assembly of Manitoba Chiefs. Is Mr. Fontaine here? He is not here either. Okay.

Mr. Kenneth Emberley.

**Mr. Kenneth Emberley (Private Citizen):** I would like to make my presentation, Sir, as soon as I get my copy back from the gentleman at the photocopy machine.

**Mr. Chairman:** Okay. Is it the will of the committee that we go onto the next one and then come back to him? Okay.

Mr. Charles Chappell. Do you have a written presentation, Mr. Chappell?

**Mr. Charles Chappell (Private Citizen):** I am sorry. I do not have a written presentation, Mr. Chairperson.

**Mr. Chairman:** Okay.

**Mr. Chappell:** I would like to start out by saying it is my position that I support the legislation as contained in Bill No. 79 and would urge the Legislature to adopt the Bill in amended form.

With respect to assessment, I would advise you that my understanding of assessment is very simple. It is a means by which a statutory officer attempts to do equity as between property holdings so that money realized on the tax base is apportioned and paid for in an equitable system. This is a very simple concept and it works.

With this Bill, I suggest most respectfully, aside from Sections 22, 23 and 68, we have a complete piece of equity. I will comment later on those three sections, but I would point out to your committee that not only the Province of Manitoba but other jurisdictions are grappling and wrestling with the whole question of assessment reform. It is not a simple matter and that perhaps explains why it has taken so long to have this draft legislation in Bill form come before you and why in some respects it is criticized and there are various concerns raised.

At this time, I would indicate to you that I commend the Minister of Rural Development (Mr. Penner) for bringing forth the legislation at this time, after six months in office. I also congratulate his predecessor, the Deputy Premier (Mr. Cummings), for having the foresight to change Cabinet portfolios prior to the legislation coming forth.

Mr. Chairperson, at this time I would like to comment on certain provisions of the Bill before you. I said in a somewhat facetious form that Sections 22, 23 and 68 were the sections which interfered with equity. Basically the point I am making is that the Bill as it

stands, aside from those three sections in my view, and it is respectful, does equity. Then the politics start.

\* (1510)

The politics start with Sections 22 and 23 where we get into the exemptions from liability as to assessment and the resulting taxation. There is no question that is a political issue and far be it for me to comment on upon it aside from drawing it to your committee's attention, Sir, that the Weir Report also had certain comments to make with respect to exemptions. They were—and I am paraphrasing, Mr. Chairperson—that for each exemption you grant, all you are doing is transferring the burden to other taxpayers.

It is difficult to argue against exemption for schools, for hospitals and for other charitable foundations and works, churches, but I still point out, to have a true equitable system there ought to be no exemptions. Everybody ought to pay their fair share and the system would work. As a principle matter, I would state simply that I find the exemption section offensive, but I recognize the political realities.

The next point, Mr. Chairperson, is Section 68. That is the phasing in provision under the years 1990, 1991 and 1992. The phase-in, if you are going to have a phase-in, I agree with the wording of the section. It is permissive. Each municipal corporation in consultation with their administrative officers and other consultants can determine whether the phase-in is necessary or is not necessary. It will minimize or reduce the impact on those who would be hit hardest by the reforms.

Another way of saying it of course, Mr. Chairperson, is this: we are just making legal that which has been inequitable for many years. In any event, if it is necessary to phase in, I agree with the wording of Section 68. I would draw the comparison as to what happened with the City of Winnipeg when they finally conducted their long-awaited reassessment and found it was necessary to run to the Government to obtain a classification system, so that they could ensure they had not only the phase-in, but also to perpetuate the previous inequities which had existed for some 27 years.

In simple form, Mr. Chairperson, I say if the legislation is to pass, then it is up to us, the public, to ensure that every three years the triennial assessment is completed. If we fail in that and we become the eight to 10 years that the provincial municipal assessor operates under, or the 27 years that the City of Winnipeg has previously operated under, it does not matter what Bill constitutes The Assessment Act, with all due respect it will not work, and it will not be equitable. That is the cornerstone of the reform legislation before you.

The second aspect that I would like to comment upon, Mr. Chairperson, is the term "value" as it exists in the Act. The courts, and particularly the Court of Appeal, in a fairly recent decision have determined by definition the term "value" as meaning current market value. It is not defined in this Bill, and it would be my respectful submission to your committee that you report out a definition.

The definition that I feel may be available to you—and I give you two alternatives. The first alternative is

that contained within the Weir Report, but that definition is different than the definition given by the Court of Appeal. I believe that the most commonly accepted definition would be found in The Expropriation Act as to what means market value. The section in The Expropriation Act refers to a willing buyer and a willing seller having regard to the property being available to the market for a reasonable period of time and having regard to highest and best use.

Should we adopt that position, Mr. Chairperson, there in my view is an immediate difficulty. How do we address in particular the farm lands or agricultural use of lands within those areas which may be subject to development pressures? There has been advocated a two-value system. With all due respect, I am not sure that may be the easiest or best way in which to approach the problem.

My respectful suggestion to your committee is this: who are we trying to protect if we say even though your land is very valuable, we want you to continue farming it. I suggest to you, it is the farmer we are trying to protect, not a developer who is in a 20-year or 25-year hold, but the actual farmer, the person whose family and himself have farmed that land for many years.

I would respectfully suggest that an assessor is able to determine in a reasonable way the market value of any holding at least within a range. The components of that market value, Mr. Chairperson, dealing with agricultural land, may be twofold. Its inherent agricultural value which comes from its productive capacity over a long period of time, I call that the agricultural value. In addition, it has a developmental value. The highest and best use may be something other than agriculture. Those two components together, I suggest to you, would make up the total of the market value.

It seems to me that the easiest way to protect that concern would be to simply again interfere with equity. That would involve not an amendment to your legislation or your draft Bill, but simply the Government proceeding by regulation to further define a farmer as defined under The Land Transfer Tax Act, as defined under the farmlands protection Act, and that farmer and his holdings would be subject to a mill rate application on the assessed value of the agricultural component alone, not the developmental component of the land value.

With respect, Mr. Chairperson, I think it is necessary that we have, as I have indicated, a reassessment conducted on the triannual basis, but that is not good enough. As the system is developed, I believe that the Minister's representatives will indicate that they can in due course and in time improve upon the triannual system, they can do it on an annual basis, and that is the goal to which the assessors ought to strive, whether it be the City of Winnipeg assessor or the provincial municipal assessor. Again the reform legislation provides that the provincial municipal assessor may give certain direction in that regard. I support that initiative and endeavour.

There is an additional matter I wish to comment upon, Mr. Chairperson. It is not dealt within the draft Bill, and that is this: if you are a municipal council and if I may I will use an example of the Town of The Pas.

\* (1520)

The Town of The Pas has a tax base and within that tax base, aside from the residential, commercial, and industrial components is the big assessment which is taxable from The Pas Forestry Complex. Let us make an assumption that is a significant number of the total assessment of the corporation, the municipal corporation, as much perhaps as 40 or 50 percent, and that assessment in its classification is appealed, they are complained against by the corporate owner. Lawyers being what they are, the system being what it is, the complaint is filed. Everybody asked for more information, and time goes by. We have then in 1990 a complaint filed. It is finally adjudicated upon at some future period of time by the Board of Revision.

The Board of Revision generally is able to deal with the matter in a fairly expeditious manner. However, the matter is then appealed further as to liability to the courts, as to quantum to the Municipal Board.

Time goes on. In 1994-1995 the company at The Pas has gone into bankruptcy. Its operation is redundant. The market has changed. A decision is made by the Municipal Board. The assessment is too great it ought to be reduced, it is halved.

Five years later, four years later, how is the municipal corporation able to function given that circumstance? They have an immediate requirement for perhaps double the mill rate in one given year, because of a shortfall as a result of assessment matters. Surely, time must be of the essence in dealing with the complaint provisions.

My respectful submission to you, Mr. Chairperson, is twofold, that there be a time period for the Board of Revision, within each assessment year, to complete the revision of the roll, to render its decision and I would suggest most respectfully by June 30 of the assessment year in question. Secondly, should there be a further appeal to either the courts or to the Municipal Board there be a further time period and I suggest December 31.

In order to ensure that everyone has a full hearing I would suggest that the courts or the Municipal Board are entitled to extend in specified circumstances at their discretion the December 31 deadline. The object would be to have an expeditious hearing and conclusion of the matter.

The legislation is silent on that point, Mr. Chairperson. I suggest that is something that may be considered by the Government and your committee.

The question of a panel deciding the issue—I strongly support the view that whatever panel at the Board of Revision or at the Municipal Board, it is that panel that ought to make the decision not some person or persons who have not heard the evidence or the submissions. I think it is the people sitting there, who have dealt with the issues, that ought to be determining the merit or success of any complaint against the assessment.

The last item I would like to address is the complaint provisions, the appeal against the assessment imposed. In the newspaper there is reference to certain concerns with respect to these complaints.

**Wednesday, January 3, 1990**

---

I obviously have misread the draft Bill, as I see it, because I have some difficulty in understanding the concern. My understanding of the complaint provision, Mr. Chairperson, is this. An assessment is struck. There is a year which is defined in the Bill. That year, the reference year, forms the basis for determining the equity as between various properties or classes of properties within the assessment base.

If it is fair and just with other properties or similar properties and classes the assessment ought not to be interfered with, that is equity. If, on the other hand, it is unjust it ought to be made to be equitable to other properties. That is year one.

Year two, you go and rezone the property from agricultural to C-2 use, commercial uses. Of course there is an increment in value. In that year two, the assessor ought to be in a position to say, I am increasing that assessment as a result of changes internal to the property. I do not think anybody sees any problem with that. Alternatively, they may down-zone the property from C-2 to agriculture. Again there should be a downward turn in the value. That again is something that can be complained against. It is a change.

The one comment I would leave with you, Mr. Chairperson, is this, that under Section 13(1) of the draft Bill you have the provision for changes internally within the property. However, I note that there is no reference to any external changes to the property and it would be my respectful suggestion that this section be amended to provide for a right of review or complaint as a result of actions or circumstances which arise to property external to your own property, the complainant's property.

I can give you numerous examples of that situation, Mr. Chairperson, but suffice it to say that if my next door neighbour was running a brothel that happened to be legalized or was running a group home for escaped convicts or whatever, that would go to the property value of my property. It is external to my property, but I suggest would have a market influence in my property within the three-year triannual period. I ought to have the right to come forward and say, please review my assessment and the quantum thereof because of changes external to my property limits.

The example of the PCBs has been used and there are all kinds of other examples that ought to be considered. Therefore, I would suggest that amendment.

Lastly, Mr. Chairperson, I would like to express my view with respect to the Bill in a very general form. This is reform legislation. There are dramatic changes. We have not had any changes for many years, we are finally up to the point where we can consider something. I appreciate it is a difficult matter, and I do not say this facetiously, but perhaps a minority Government may be the best way to deal with legislation of this kind. There are political risks and it requires some consensus, so in that respect it may be advantageous for us in considering this legislation, but the legislation is not perfect, and with all due respect, it is not going to be perfect when it is reported out of this committee, and with all due respect, when it is finally enacted it probably will receive significant amendments.

Assessment is like legislative draftmanship; it is an art, not a science. This Bill, in my respectful submission to you, Mr. Chairperson, permits reform to go on as beneficial to the inhabitants of Manitoba. Therefore, I would urge that it be reported out and adopted by your Legislature. Thank you, Sir.

**Mr. Chairman:** Thank you Mr. Chappell. Mr. Plohman.

**Mr. Plohman:** Thank you, Mr. Chappell, for your excellent presentation. You do not mind, do you work in this field as a lawyer, or what do you—

**Mr. Chappell:** I am sorry, I am kind of deaf, Mr. Chairman.

**Mr. Plohman:** What do you do, Mr. Chappell, for a living?

**Mr. Chappell:** I am a lawyer, Mr. Chairperson.

**Mr. Plohman:** Mr. Chairman, I just asked that because I gather from your comments that you are familiar with the processes that are involved in appeals and in assessment and that you have obviously been working in this area in the past.

**Mr. Chappell:** I have a slight working knowledge of municipal matters.

\* (1530)

**Mr. Plohman:** I noted that you dealt with a lot of the concerns that were reported publicly, and I think that you have read it right insofar as the appeal procedures. The only concerns that we have there deal with the external forces, the change in value that might happen as a result of something unforeseen, or has nothing to do with the property itself, that is, a physical change or whatever, zoning change. I was pleased to see you mention that there should be an amendment that would provide for greater latitude in appeal because of external forces.

The section dealing with value, not defined, was a section that I believe we have to deal with as well, the one dealing with a panel recommendation the same as the board. Would you agree though, in the case where a panel makes a recommendation to the board and it is overturned, as long as that process is in place—providing the board gives notice to the appellant that they are going to reverse the decision and give that appellant the opportunity to be heard in front of the board, would that be sufficient due process as opposed to simply saying the panel's decision will be the decision?

**Mr. Chappell:** Mr. Chairperson, it could be, in principle, though it concerns me, because those people hearing the evidence, hearing the submission, ought to be the people making the decision, and that is a general principle. A mechanism can be set up for recommendation from the panel to the whole board, or tribunal, as it may be, and if they then do not accept the recommendation, notice can be given and you

rehear the evidence, reargue the case, or resubmit what is necessary.

**Mr. Plohman:** You made an interesting proposal for deadlines for appeals and it is one that I think the Government should consider. You also suggested that the two-value system for land may not be the way to go as recommended by the Weir Commission for farm land.

My question to you would be, under your proposal, land under development pressure, if the farm operator who is renting the land is not the owner of that land—it may be some developer who is not ready to develop it and therefore has it rented out for agriculture purposes—how would you ensure, under your scenario, that the farm operator would get the benefits of your proposal of the lower assessment? If you are going to start defining farmer, and I would take it from that, then the farmer has to own that land under your proposal. If he is renting it—

**Mr. Chappell:** Mr. Chairperson, that is correct. The basis upon my making that submission to you is my limited knowledge—of people in the rural areas, and particularly in the farming community—leads me to believe that they are astute business people. They know what the market values are for rental, or the annual rental value is. They know what they are prepared to pay, and they are not going to pay any more than that.

Some of that component for annual rental value is unquestionably municipal taxation, but I do not believe that people in the agricultural community are going to pay any more rent simply because the rent is higher in one place than another. It is a market rent that they pay for. In good years, I agree, the rent is higher. In bad years the cash rent goes down, or, alternatively, in a share crop basis. I do not intend, by my submission, that there should be any direct benefit given to the farmer other than lands owned by the farmer.

**Mr. Plohman:** Mr. Chairman, it would seem that if one of our objectives is not only to help the farmer, but to encourage land to be kept in agricultural use, that this would act as a deterrent. Obviously no farmer would want to rent it because of the prohibitive costs of the taxation—from what we are hearing, tenfold times the costs of surrounding agricultural land. So it could become a very significant factor in the rent, and obviously the owner would want to pass that on to the person renting it. Therefore, it would be a deterrent to using it for agricultural purposes.

**Mr. Chappell:** My response to that, again, is just a market consideration. I would respond by saying most of the land that we are talking about is now subject, in my respectful submission, to development plan and zoning by-laws as a result of the planning process since '75. That land may have a higher and better use than agriculture, but it has an instant use as agriculture and the value of that land is not going to change. Is it going to be used for some agricultural pursuit, lay empty? It is still going to attract the same rate of taxation.

In my respectful submission, I do not think that the farmer is going to pay more money to the owner than

that which the farm can produce. He knows his economics. He knows what the market rents in the community or area are, and they are not going to pay any more. They are just going to pay what is market rent. I agree there is going to be a spread, but it is going to be the owner who takes it, not the farmer.

**Mr. Plohman:** Yes, I would suggest that perhaps it would be somewhat of a deterrent to have that land used for agricultural purposes. In any event, what do you see wrong with the two-value system and the retroactive recovery as proposed by Weir on a five-year basis for land that changes use or retroactively, or for land that is zoned perhaps prematurely or speculatively and the use does not change for a number of years, a 10-year retroactive recovery? Do you see anything wrong with that system and equity in that system?

**Mr. Chappell:** I am not sure, Mr. Chairman, I see anything wrong with the two-value system as advocated, but I see administratively some problems with it in terms of administering the whole program. Secondly, collecting the revenue, who is going to be responsible for remitting the revenue? Thirdly, a municipal corporation and a school division finance their whole structure on an annual basis, as does the province I hope. I think this deferred income, if I can use that term, or windfall at the end of five years or some other period is not necessary. If all we are trying to do is protect the farmer and to encourage the farm land, then I do not think we need the retroactivity. We can build it in just with the taxation on the use of the land, and if you are not using the land as a farmer and it is a hold, then you pay the full shot.

**Mr. Plohman:** I just have another question, Mr. Chairman. From your experience in working in this field, would you say that the current system of assessment provides for equity, and would you define equity by people paying the same percentage for taxation on their property throughout the city, for example, in the City of Winnipeg?

**Mr. Chappell:** Mr. Chairperson, we are dealing with two different concepts. The concept of assessment I believe creates equity. If the assessors are doing their job properly and are given, with all due respect, the money, the staff, to do a proper job, then I think they can come very close to achieving equity, and certainly our amendment system does create equity or gives you an opportunity to seek that equity. So, if I start from the assumption that the assessment is equitable and then I go to the next stage, I will give you an example now and I can give you all kinds of examples.

We now have equity in our assessment, but we have the mill rate differential through the classification of property. That is social engineering, that is all it is. You have created equity and you have gone to a lot of trouble to do it, then the governmental levels come in and say, how are we going to raise the money and what is politically acceptable. Then we get into that. Then we have our Section 68 phasing, and then we have the condominium situation in the City of Winnipeg, and we are going to have business in the City of



Winnipeg paying 45 or 47 percent of the operating costs of the city. That is how we are going to structure it.

\* (1540)

If this is Government policy or the civic policy and it is permitted by law then, yes, that is how you raise your money, that is your taxation structure. If you ask me if it is equitable, my answer to you is no. That is not historically what we intended on doing when we set up the structure. It is not equitable that farm lands pay for education, but that is one of the factors or features from Government. Because of our thirst for additional public dollars, we have to make the trade offs.

**Mr. Plohman:** I just wanted to ask then about your definition of equity based first on assessment. Is the market value assessment, as it is alleged to be for 1985 under this Act, would that reflect market values to market values accurately throughout the city, or would it be something that would have been developed in your belief, in your experience, your views on this, from a formula being applied to old figures?

**Mr. Chappell:** I think that, Mr. Chairperson, the previous system was just totally inadequate in terms of coming back to the '49-50 value factored up to 1955, and here is a magic figure. It is ludicrous. Time did that and the lack of political will to create equity in the assessment did that. I think that we can strive to attain a current, and when I say current, there may be a one- or two-year gap, but a reasonably current market value, a system of assessment that, subject to reviews, will create equity.

In Manitoba, quite frankly, it is very simple to do because fortunately we do not have the large swings in the market as southern Ontario had, or British Columbia, a few years ago. We seem to have a nice stable market, and we can make the necessary adjustments. So from that point of view, I think we are quite fortunate in saying, yes, we can create an equitable assessment, and then it depends how we engineer our mill rates.

**Mr. Plohman:** Well, Mr. Chairman, I agree, and I think that is what we all want out of this. However, the Government did not have a definition in the Bill. They now said that the Minister has indicated he will provide one as has been asked by a number of people including yourself for a definition of value in this Bill. On that fact that it is absent, do you have any thoughts on whether all the property has been assessed based on market value, or has it been assessed on the application of some formula to 1975 values? Is it possible from your experience that they would have assessed the whole city based on 1985 market values realistically?

**Mr. Chappell:** I think, Mr. Chairperson, the easiest way to answer that is, if you are going to conduct an assessment, you have to go and inspect the property, find out what the property is comprised of. In the assessment conducted by the City of Winnipeg Assessment Department, or the city assessor, the statutory officer, he did not have available to him the

staff resources or the financing necessary to do that. So we ended up with quite frankly a patched-in system so that he was able to comply with the court order to conduct the assessment for 1987.

Hopefully, the city fathers or the provincial Government, whoever has the biggest purse, will make the necessary people and manpower available to both the provincial municipal assessor and the city assessor so that they can do a proper job. Once that framework is in place, it is easy to maintain.

**Mr. Plohman:** Very quickly, Mr. Chairman, what I am asking, and from what you have said, is that the 1985 values then will not give us the equity that we are all striving for and that you referred to, because in fact there is not a system in place as of 1987 that would have ensured that these were true market values for all of the properties as in 1985.

**Mr. Chappell:** That is correct, but the closer we can come, Mr. Chairperson, the more equitable it will be.

**Mr. Plohman:** So there will be, Mr. Chairman, a distortion yet, and would you say then that the goal would be, based on market value the assessment would be, and then the taxation would be, equity would be defined by having an equal percentage of taxation of the value of the home right across the city, the same percentage applied?

**Mr. Chappell:** Mr. Chairperson, that is my view, dollar for dollar of equity if you strive for it, but of course the Legislature has its own view, City Council has its own view, and obviously the municipal councils under the provisions of Section 68 will have their own view, but I would prefer to see a completely equitable system.

**Mr. Plohman:** Mr. Chairman, just in closing, this particular line of question, I just wanted to get this clarified from an expert in the field insofar as the true equity that we can expect from this Bill at this time. It has been said, I think, alleged widely, that this was going to provide that kind of equity, and in fact citizens should know that there will still be significant inequities in the system, and much higher percentages perhaps paid in certain areas of the cities than in other areas.

**Mr. Chappell:** Mr. Chairperson, that is quite possibly true. If the political will of those having jurisdiction is such that they determine certain classes of property shall pay a much higher rate of taxation or of the total revenue required than other classes of property, then you are not going to have equity under Bill No. 79 as amended or under any other piece of legislation. This is a question of the political element, and it is a question of taxation and not assessment.

**Mr. Plohman:** Mr. Chairman, I want to clarify just the last point because I am not talking among classifications. I was talking within, say, a residential classification where a home in one area of the city would be taxed a much higher rate, percentage of its assessment, than a home in another area of the city. I was trying to get from you whether you would define

Wednesday, January 3, 1990

equity as having the same percentage within that residential classification throughout the city.

**Mr. Chappell:** Mr. Chairperson, I believe that within the confines of the assessment on the residential tax base of the City of Winnipeg, there is equity in the assessment because of the phase-in that the City of Winnipeg Council saw fit to introduce, so that it is a staggered phase-in.

At the end of I think it is five years there will be equity because everybody will be paying in accordance with the equitable assessment. At the moment there is inequity because of a direct decision made by the City of Winnipeg Council, the same way as there will be an inequity because of a decision made by a municipal council under Section 68. This seems to be, with all due respect, a phase-in situation as an accepted means of Government acting, not just in Manitoba but in other jurisdictions. I was down in Toronto last week, and they are looking at it over a large period of time.

**Mr. Pankratz:** Mr. Chappell, did I understand you correctly before that you indicated land that was being rented should have a different value than land that was owned by a farmer? Could you clarify that for me, please?

**Mr. Chappell:** Yes, I will try, Mr. Chairperson. What I was advocating is this: that a person who owned land, and was a farmer by definition, either under the farm lands protection Act or the land transfer tax Act should be taxed on his holding only at the value of the agricultural component, not the development component. If that same farmer makes a contract with me, a non-farmer, to rent my quarter section, which I am entitled to own under the farm lands protection Act, he would do so at market considerations. I would try and get from him as much rent as I could, and he would try and pay as little rent as he could. Whatever that contract was, was between myself and the farmer, but my property would be assessed at its full value, and its value would be its market value. I would not get any tax break whatsoever.

**Mr. Pankratz:** Are you suggesting that the quarter of land that you were referring to that you would be owning if it is zoned agriculture it should have a different assessed value on it than the farmer that is adjacent to that quarter and is farming it?

\* (1550)

**Mr. Chappell:** No, it would have, Mr. Chairperson, probably the same assessment assuming it is essentially the same land. It would have the same assessment but if, for the sake of argument, my quarter section had an assessment of \$100,000 of which \$40,000 represented the agricultural value and \$60,000 the development value; you were the farmer next door and your assessment was \$100,000 as well. On the same \$40,000-\$60,000 breakdown, you would pay taxes on a mill rate, for the sake of argument, of 100 mills on a \$40,000 evaluation or assessment. I would pay taxes on the basis of \$100,000 of value on the 100 mill rate.

Notwithstanding that you own one piece and rent one piece from the other, I, as the owner would be subject to the taxes.

**Mr. Pankratz:** Mr. Chappell, and zoning, you would not imply zoning? You would not consider the zoning on that at any stage, is that correct?

**Mr. Chappell:** The zoning could be the same as agriculture, but the difficulty would be, suppose it was treated as zoning as agriculture and as a residential hold area under a development plan but still zoned agriculture, but there happened to be a sewer pipe running down the mile road. Someday that land is going to be more valuable and that is why we have the \$40,000-\$60,000 valuation.

**Mr. Chairman:** Any other questions for Mr. Chappell? If not, thank you very much for your presentation this afternoon.

**Mr. Chappell:** Thank you very much, appreciate it, Mr. Chairman.

**Mr. Chairman:** Our next presenter will be Mr. Kenneth Emberley. We have a copy here and she is distributing it right now.

**Mr. Emberley:** Mr. Chairman, I want to make just a couple of introductory remarks and comment on other briefs very briefly. The idea of public hearings presentation involving the public, to me is very seriously inadequate in that you have not provided cable-television broadcasting of your hearings here today. This is a dismal failure in the year 1989.

We have had things like this going on for some years and almost all the main hearings that are being conducted at the present time, there is a deliberate effort to keep the public from being informed. This is claimed to be an important issue, important to the people of Manitoba. There is no better educational process that you could obtain or you could conceive of, that people like heads of school trustees and people like the mayor of Brandon who drive in here and bring a professional presentation and then have an involved discussion with intellectuals of a serious matter, and then to limit it to a audience of 17.5 people sitting in the room beside the committee is a dismal failure dealing in the 1990s. This is supposed to be 1990 and we are using 1975 technology.

The fact that you deliberately prevent 10,000 or 15,000 people or 5,000 people in Manitoba from seeing this on their cable television, and getting it taken out to the distant hinterland in places like Brandon and Selkirk to be broadcast again on television is not adequate.

Three tiny things, how has assessment and the tax process in general affected Winnipeg during the last 20 years? What is the location and the mix of commercial/residential property and its density and the transportation in the city, the effectiveness of the transportation system, the effectiveness of using the services available in the city most economically, houses

that have been affected by the tax rate and the assessment process?

I do not know or have not heard of any group that have thought that was a requirement that should have been prepared, a background paper that should have been made available to this. How have assessment and taxes affected the percentage of low income, middle income, and high income and people who are supplied affordable housing in Manitoba? That is a thing that the City Council has deliberately excluded from all its statistics. They never want to prepare a list each year of the number of apartments destroyed, and the number of apartments built, the number of houses built, the number of houses destroyed, and the mixture of income of houses provided.

Another brief item, how is the assessment and tax system operated, by the province and the city together, worked to provide the city adequate tax revenue to maintain the city infrastructure on a sound financial and physical structure basis, as a part of a strong, stable province. We all know, I myself know, in my City of St. James, that the repair of sewers and streets and roads is in some cases 10 or 15 years further behind schedule than it was 25 or 30 years ago. You may not know—some people—that in the book, *Profits Without Production*, it lists in the City of Boston and some parts of New York, they are repairing roads and sewers and water pipes on the basis of every 75 or 85 years, when they last 45 or 50.

\* (1600)

So these are things that should have been considered as background items, and I know of no studies like that which were prepared.

Now, my brief presentation. You will know I am not a professional lawyer or real estate developer, from my background, but I have taken part in these hearings for a long time, for approximately 38 years in the City of Winnipeg and in Manitoba. I commend the committee on this, one of a series of major revisions of the Act, long overdue.

From the two briefs I heard and read this morning, and personal observations of 40 years as a victim of Winnipeg city tax and assessment policy, I praise you for the good things in the Act, but respectfully submit some constructive criticism of the process and some of the Act itself.

I believe the Act is very likely to reduce the citizens' rights to use the law to correct unfair and possibly illegal activities of the Winnipeg council and the assessment process. Now you may feel that I have a slightly suspicious nature, nobody could have who had personal experience with the wonderful Governments we have had in Manitoba and Winnipeg. I say that in quotation marks.

For the last period of years, in the '70s, citizens' rights, legally and environmentally, took a little bit of a step forward under the USA EPA and Freedom of Information Acts, and the Canadian Constitutional Act and Freedom of Information Act. This brief aberration seems to have been corrected since 1984 in Canada,

as all our traditional institutions, many of them created over generations of struggle, are being systematically dismantled.

I am deeply involved since 1970 in the environment movement, the peace movement, the social justice movement, taking an active part in the United Nations Association, in all my political levels of Government. As I wrote to Mr. Trudeau in 1982, and I have written to Mr. Mulroney recently, I see a striking similarity between 1935, 1936, 1937 in the mental attitude of Government and business to the peasant population.

The time allowed for study of the Act before this meeting was totally inadequate. The background information provided is totally inadequate and it is unacceptable to be called a truly democratic process, to come back three days after Christmas, when right up to Christmastime we were involved in all kinds of hearings on assessments and activities, and over Christmas we were assaulted by George Bush and his military operations, to come back three days after the New Year and have to rush into this process with totally inadequate background information—I feel this should not be considered acceptable.

As a student for 40 years of the process, I think I know the system. I want to ask you these questions, respectfully and as a constructive measure, believe me. Where is there a convenient list of the main changes of the Act in previous revisions? Is there a convenient source for the main briefs that were presented during the previous sessions when committees similar to this, 20 and 40 and 10 years ago, prepared revisions and people came, like these people here, to give you an environment impact assessment of the likely effects of your legislation? How well did they guess, and how well did you guess, in the legislation that was prepared? What corrective procedures—you see, I believe that in legislation the most important thing is not that you would prepare a piece of legislation and pass it, but how you make legal provisions so that all the omissions and injustices in the new piece of legislation have a system of being corrected promptly and effectively.

We have new Environment Acts, federal and provincial, and they are barely adequate for 1975. They are certainly no good for the year they were passed in 1987 or '88. They are certainly totally inadequate for 1990. There is no provision for repairing them until 10 or 12 years, and I humbly suggest that for the people who voted for those Acts there should be an assessment of their ability to pass legislation and whether they should be able and qualified to draw their full salaries. That may hint a bit of disrespect and questioning of the system, but I know there are people in this room who have dared to question the system from both sides of the House over the last 20 years. Some people call them, I think the word is, Her Majesty's Most Loyal Opposition. Whether they are the good guys or the bad guys, they apply that term to them, and it is supposed to be true. I speak from that point of view.

Was any funding provided for a professional report by the Institute of Urban Studies or an impartial group like WIN of the 75-year history of this law and its fairness to the prosperous community leaders and its fairness to the general public? Why is this not a complete

rewriting of the Act and a full updating revision of the Act in its totality? Luckily, none of the present MLAs were ever involved in city politics, so they can exclude themselves from any possible condemnation. Jim Ernst and Harold Taylor are not here today, so that is all right.

Has any serious study discovered a 20-year incestuous relationship between the provincial Government and its child, Winnipeg, to exempt it from assessment at five-year intervals? I do not think I will try and explain what I mean by that to you.

Are charges contemplated or law changes planned to make them possible, such as pension reductions of previous ministers and chairmen of city committees for their illegal and immoral operation of an assessment system? You know, citizens can be held in contempt of court for appearing before you disrespectfully, but does anybody ever think of the disrespectful behaviour of some of our most distinguished and finest leaders?

I looked at the assessment process during the last 20 years and I felt ashamed to walk into this building. Do not feel that I am being critical, because I went to Ottawa five years in a row and never walked inside the Parliament Buildings for four years. Since 1978 when I first went to Ottawa I never bothered to walk into the room they call the House, because I have so little respect for the carryings-on of that gang of people down there, and I know many of them personally, intimately.

Is a 30-year study available on the tax fairness to suburban shopping centres and to the major office buildings on Broadway, and to pretentious suburban residential and commercial projects, and to ordinary citizens?

Is there any real solution to unfair taxes on farm land on the fringe of the city like that proposed for the city golf courses 15 years ago? Our previous, learned, very careful and concerned Mr. Chappell presented a very detailed discussion of that.

I want to respectfully suggest to you that strictly low farm tax rates could be applied through the assessment process. Each year, every year, add into the books a tax credit or debit, whatever you want to call it, of what it would have been worth if it was valued for future housing or industrial potential. If it is ever sold in 10, 20, 30 or 40 years, the tax obligation of all those 10, 20 or 30 or 40 years of not paying a higher assessment would become available to the city and payable by the real estate purchaser on the day of purchase. That way a very strange process would take place. The real estate purchaser would share the growth and equity of the property with the ordinary general public and the city, which, to my way of understanding, the city councillors and the real estate friends have never thought was a possible option to consider for the good of the public to allow the public and the community and the City Council as a unit representing the citizens to share in some of the growth equity.

\* (1610)

A man talked about higher use. I have been deeply concerned as a person who worked on the farm and

was trained in farming—all my family, my wife's family are farmers—and has been specializing in farm studies for the last 10 years. A higher use for land means buildings, the higher the building, the higher the use. If we are going to reach into the 1980s, which we have not done in our thinking yet, we have to think of the precious 3 percent or 4 percent of land in all of Canada that is first class farm land. The highest use is producing food for small family farmers, not producing raw materials for the multinational agribusiness industry at the lowest possible cost and the possible highest profit. The preserving of the family farm and the producing of food for the community by family farmers should be considered the highest use. That gives you a whole new perspective to consider in making your land assessment, in making your legislation for the city to make land assessment on the rural fringe.

If we were reaching into the thinking that has been promoted in some farming areas since 1975, we would be considering the five-mile zone of land around the city, the vacant land within the city and the vacant unfarmed land within a mile or two of the Perimeter Highway as a possible source of food for the poor people in the city who cannot afford to grow their own food. The possibility of self-reliant people being allowed to have land is no more possible in this country than it is in Grenada where the first thing the United States army did was to stop land reform.

Will you ever amend the additional zone planning Act around Winnipeg in a similar way to take care of these things?

I respectfully submit this brief, Mr. Chairman, and I have included, for those who wish to see them, nine supplementary papers which are included in the envelope I gave to your secretary.

Thank you very much for your patience, Mr. Chairman.

**Mr. Chairman:** Thank you. Do you have any questions—Mr. Taylor.

**Mr. Taylor:** Mr. Chairperson, I have to ask a question about a comment made on page 2 of this submission. I would ask the delegate, Mr. Emberley, if he was aware of the fact that I lost a motion that I proposed at City Hall in 1986 by some—11 to 19 I think it was. The motion suggested that the city reassessment, which at that time was 21 or 22 years behind, be brought forward to 1987. I was wondering if he was also aware of the fact that the councillor who successfully led the fight against my losing motion was none other than the councillor for St. Charles and the deputy mayor of the time, Mr. Stefansson. I wonder if he was aware of those facts.

**Mr. Emberley:** I was not aware of those facts, and I am so glad I put that item in on page 2 so that the whole committee could be aware of this startling new assertion. It is a matter of concern to me. I have followed the distinguished people at City Hall since the days of Baker, Hank and Scott. When we had our own City Council in St. James I knew there were people working to make changes and to make progress. I knew Harold was one of the ring leaders in that renegade crew. You

are aware of that. That was a facetious remark I inserted on page 2 for which I apologize but not apologize.

This is the thing that does not come out to the public, and I would like the public to have known about all these things that came out in this distinguished gathering today. This is why I want to tell you as I told Mr. Jack Penner when he was running around the province last year having public chat sessions, that he was very careful to make sure that they were not broadcast on television so people could hear what people are saying. I know it is a dreadful thing to say, but democracy means that some of the ordinary citizens obtain some control over their Government no matter how wise the people are in the Government. So thank you very much for that item.

**Mr. Chairman:** Thank you, Mr. Emberley, Mr. Minister.

**Mr. Penner:** Mr. Emberley, I certainly appreciate the comments that you make and also the reference you made to my little chat sessions last year during the land and water strategy meetings.

Maybe that is one of the reasons why we had up to 300 people attend some of those chat sessions. Maybe the reason is that they were interested not only in their environment, their water and their land, but maybe it is because they were not televised. Maybe it is because they had the ability or the need to come out and express their opinions personally at some of these meetings that we had such a large number of presenters during that course of meetings. I believe we had some very close to 50 sessions, workshops, and public meetings in that area, and had close to 3,000 presenters.

It indicates to me, fairly clearly, that there is sometimes an ability, if people so desire, to come out and express their views even though we do not televise. Maybe that way we get a better feedback. I am quite pleased at the presentations that have been made here today, and the number of people who have appeared here today to express their views. Maybe if television had been present here, only half of them would have come.

**Mr. Emberley:** Did you know, Sir, how many of the people were informed before your meetings or before this meeting that they would not be heard on television? How many people were informed and knew that they would not appear on television, so that was the reason they appeared personally, or was it just because of the people's sheer gratitude for the Government coming out to them, and distinguished people that really cared coming out to the meeting and sitting through hours and hours of discussion like you and your colleagues did?

I think the people responded only because they were just so amazed and thrilled to have Government leaders come out and say we want to talk to you, we want to listen to you. I think the whole thing is you failed to educate the public in these general issues with the experts in the field who were the local population. Thank you very much.

**Mr. Chairman:** Thank you, Mr. Emberley. Just a minute, Mr. Emberley. Mr. Taylor you have a question, yes.

**Mr. Taylor:** Yes, I do, Mr. Chairperson. To the delegation, Mr. Emberley you made reference to a lack of a background or document which you or anybody else could, who is interested, take advantage of and I gather get some basic knowledge of the proposed Act. What sort of things were you really looking for there? It would seem that there is nothing quite like that, but what sort of things would you have wanted to see specifically in that, and when do you think it should have come out?

**Mr. Emberley:** I believe I tried to list a few items, Mr. Chairman. I tried to list a few items here in my questioning by my concept of the preparation of legislation and the taking part of the general public. You see I am part of the—I will be brief, I promise you. I will be less than four minutes and that is pretty good for this Session.

I have been a part of the sustainable development movement in the province here and in Canada since 1982. Now that may shock you, because our Premier has just explained that the word sustainable development was invented in 1984 by Mrs. Brundtland, but we used the word quite commonly in 1982 in publications as the Canadian Environmental Network tried to start in 1982 a five-year process to prepare sustainable development studies.

Sustainable development was conceived as an alternative to the disastrous developments, mega projects—basic we call them—of Government and business which always seemed to destroy the ordinary people in the community and wreck the economy and wreck the environment. Aside from that, they are pretty good.

Now sustainable development involves the people, the people taking part, and empowering the people. This was a unique and revolutionary concept, but there is a movement going on all over the world for ordinary people to try and be empowered to do things, because we do not need nuclear power and the last thing we need is another stupid hydro mega project.

\* (1620)

A hydro mega project is a project that goes into the hinterland and destroys the local people's land, and every project that we have taken in hydro, any profit that would ever be realized, is owed to the northern people. Since 30 years later we still have not paid any of our real obligations yet to the northern peoples, any project we make in any hydro development in the next 30 years, any profit up to a billion, \$2 billion, \$5 billion is all owed to the northern peoples for the destruction of their land.

They are doing the very same thing in the Lubicon area. They took \$5 billion out of the Lubicon area in the last 20 years. Not one cent of royalty was ever paid to the local Indians and the Lubicon Band. One or two of those Lubicon Indians are being killed every year in starvation disease because they cannot get enough food, but \$5 billion was made by the oil companies with approval of the Government and the population.

Now to me, Mr. Chairman, or Mr. Taylor, a background study would involve many of the ordinary citizens in

carrying out a year-long study. Since it is 23 years since the city did a proper reassessment, we had lots of time, one, two or four years ago to start and prepare serious studies, and having a series of public meetings and public hearings, and having the broadcasts on television, and then getting response and finally ending up with a whole list of questions that were not answered properly and then preparing them for use of the ordinary public, for the use of the City Council, for the use of the distinguished people in the Legislature, who are studying it. That was my conception, Harold. Mr. Chairman, Thank you.

**Mr. Chairman:** Thank you very much, Mr. EMBERLEY. Thank you for your—oh, Mr. PATTERSON, you have a question?

**Mr. PATTERSON:** Thank you, Mr. Chairperson. I have just a comment. Mr. EMBERLEY, you referred during your presentation to some monitoring or calling to account of the legislators that do these things. Would you not agree that we are called to account, in our case, at the maximum every five years and the city councillors every three years?

**Mr. EMBERLEY:** This is a very delicate subject to discuss, Sir. Because it concerns our basic concept of democracy. I used to understand, 20 or 30 years ago, that a true democracy is to elect a rich man to rule you for five years. That is sort of the ideal. This is a system they have perfected in the United States to a fine degree. I think, according to scientific studies, just about everything in the whole country has been going to hell for 20 years under that system; aside from that, it is pretty good.

What we want to do, Sir, is to have you understand that you are our leaders. You are leaders but you are not our rulers and so when legislation is prepared, we take part in preparing that legislation. As an environmentalist, when the provincial Government, the last administration, prepared environment legislation, they produced the most hateful, rotten document I have ever seen in my lifetime, making war on the Manitoba Environment Council and the Clean Environment Commission, the two most constructive and potential institutions they had. We wasted a year fighting them on it and then when they brought in the legislation, they brought in a really third-rate Act, barely adequate for 1980; certainly not adequate for 1988. That was because the people who were trying to save the land were deliberately excluded by the Government and the businessmen who were busy destroying the land. You cannot conceive of that unless you have looked at it from our point of view.

I belong to six organizations. I have been studying within them for up to 20 years and you cannot conceive of the collapse in our social and economic and environmental system that is going on apace unless you talk personally to David Suzuki, like I did recently, unless you are deeply involved in the system. We are very close to being a basket case, very similar to parts of eastern Europe. Almost all the bad words that were said laughingly and jokingly about eastern Europe in the last two years apply very much to our own economy

if you looked at it with open eyes, into the case of our own environment and to the case of the actual effectiveness of our democratic institutions. Now that may come as a real shock to you, Sir, and I thank you for your thoughtfulness in asking that question.

That we ask to be included and participate and share and this is why I ask you to broadcast these hearings in the future and allow the people to share and allow the people to learn and take part and then more people will come down and sit in a larger hall. Thank you very much for your thoughtful question.

**Mr. Chairman:** Thank you. Our next presenter is Mr. Tony Dalmant from the Manitoba Homebuilders' Association. Mr. PLOHMAN.

**Mr. PLOHMAN:** Mr. Chairman, I do not have an up-to-date list. How many more are there on the list?

**Mr. Chairman:** I have two more, I believe. Mr. Dalmant and Mr. Grant, plus the two on the top of the list who were not here before when we called their names, so we will call them at the end. Mr. Dalmyn, we distributed your brief to the members here, so you may start.

**Mr. Tony Dalmyn (Manitoba Home Builders Association):** To begin, the Manitoba Home Builders Association is a multidisciplinary association. It includes developers who have been given a black eye by some of the previous presenters, home builders, contractors, and professionals involved in home building.

Partly because of the diverse membership, we have decided to use a professional presenter. I am a lawyer. I have appeared before the Board of Revision for the City of Winnipeg. I have appeared in the courts on assessment questions. We decided to use a lawyer to try to bring some expertise, such as it is, to bear on the issues here, and to try to represent our diverse membership objectively.

I do not purport to have the expertise that some of the presenters, who appeared previously, such as Mr. Chappel, an acknowledged expert on municipal law, or Mr. Mercury, who appeared before Law Amendments at previous sessions, who has appeared in some of the leading cases in our courts on this subject, or Mr. Ross Nugent—I recognize their submissions, my association recognizes their submissions, and we do not wish to duplicate or add to them. We wish to express our concern over this legislation in a very simple and straightforward way. We share in the praise for this legislation. Reform of assessment law is important. It is overdue. It should be done. We share in some of the criticisms of the legislation.

One of the points that I have made in the brief is that property taxes end up being paid by the consumer. My association would like to speak on behalf of itself—we have no objection to paying less taxes—but also on behalf of our clients and customers, the ultimate buyers of houses.

If you take a developer, whether professional developer or a land development company, that holds land and rents it to a farmer and pays taxes year after

year, or a farmer who decides to go into a development hold himself—the farmer who holds onto the land as long as possible until he gets the best possible deal—such as the gentleman who sold his farm to the City of Winnipeg in the middle of Lindenwoods last year—someone is going to make a profit on the sale of land that is going to be used for housing.

That individual is paying taxes over the years. The higher the taxes, the higher the price that individual or that company is going to want, the higher the price to the ultimate consumer. The ultimate consumer takes his land price and puts it into a mortgage, and pays compound interest on it year after year after year. So lowering taxes is significant.

The old system of assessment did not work. The City of Winnipeg, I have to say with great respect, had to be dragged through the courts kicking and screaming to reassess land in 1987 which led, for the first time, to a sizeable number of appeals to the Board of Revision. The Board of Revision has had its problems. Appeals filed in the months of January and February of 1987 have only recently been heard. The Board of Revisions' decisions have been inconsistent.

To some extent, the Board of Revision has done good things. The Board of Revision, as members of this committee may not know, ordered a reassessment of lands outside the urban limit line. The Board of Revision caught the city assessor in a serious error. The city assessor took land lying outside the urban limit line of the City of Winnipeg, and had overassessed it. Why? Perhaps in the feeling that the developers or the farmer developers would eventually catch up and pay their fair shot. The Board of Revision caught and corrected a serious error.

\* (1630)

However, the appeal process, from complaint to hearing in the Board of Revision, or further appeal to the Municipal Board, is fraught with difficulty. You go there and you are in a never-never land. You are supposed to be determining value, but you end up going back to a reference year. There are comparisons thrown around, comparable sales in the reference year, comparable sales in other years. Did you or did your client ever offer this property for sale? How much did you try to get for it? Well, maybe the urban limit line might be lifted in St. James so your client probably should pay the taxes anyway. It is an unsatisfactory process. Appeal rights are important. They should be accessible.

However, the most important consideration is that the assessment system itself should be equitable, understandable, comprehensible. In that fashion you do not have to appeal. You do not need to go to the Board of Revision yourself or you do not need to hire a lawyer to represent you. With that in mind, the Home Builders Association supports recommendations made by other presenters. It is important to define value either in the definition section or in Section 17 where it commands the assessor to assess at value and the value should be a market value.

It would be preferable, far preferable to have the assessment done at current value. You are going to

have to have a cutoff. It should be an annual cutoff. The concept of reference year in this legislation leads to a problem. The reference year, except for 1990, is two years before. So, for 1990, by virtue of Section 17(2), we are using 1985. You are five years out of date. For 1993, you will be rolling back two years to 1991 and that may be in force until 1996. You are going to be anywhere from two to five years out of date.

An earlier presenter to the Law Amendments Committee, Mr. Nugent, also pointed out that this legislation as drafted will effectively freeze the citizen's right of appeal as much as two to five years. We respectfully agree with Mr. Nugent's presentation and his proposed amendments on that subject. We have looked at the appeal provisions from complaint through the Board of Revision. We see some significant innovations. The previous Municipal Assessment Act puts the onus of proof on the assessor at the Board of Revision and at the Municipal Board stage. It says to the municipal assessor, the city assessor, the provincial assessor: Support your assessment, prove it by reference to objective and recognized factors.

This legislation provides for a reverse onus. It provides for a reverse onus in the board's discretion, provides for a reverse onus based on non-cooperation by the taxpayer. Now we get into an interesting area under Section 16 of this proposed Act. The assessor can ask the taxpayer to start producing documents. That is familiar to me as a lawyer. It is called discovery, and discovery, as you probably have heard if you have heard about the problems in the Canadian and American courts, is one of the reasons why the courts are so slow and backlogged. The municipal assessors, the provincial assessor, the city assessor would like discovery. They would like to go to someone and say, what offers have you had, why have you held out, what have you got in mind as the value of your property. If you are going to have discovery, you are going to prolong the assessment process.

This should be a straightforward and simple process. You should not need discovery. You should not need lawyers, particularly at the Board of Revision. Someone should be able to go to the Board of Revision, make a submission without going to the expense of a lawyer, and say: My property has been assessed too high, I want it reduced by 5 or 10 percent to be in line with my neighbour or someone across the street who sold their property for this or that, their house is similar to mine. This will result in a very small saving that year or the following year in taxes. It does not warrant hiring a lawyer. It does not warrant discovery or fishing expeditions for documents.

Within the Home Builders Association we have a concern for individual taxpayers who have to go through this process or for our members who own land for one, or two, or three, or twenty years, who have to present appeals by themselves. So we would suggest a serious reconsideration of the discovery provisions of Section 16 or the reverse onus. I have itemized the section numbers which I have been able to see as being affected in my brief and I do not have to read them to you aloud.

I have read submissions of others to the Law Amendments or to this committee and I know that the

City of Winnipeg was putting in a pitch to award costs. I have to say to you, with the greatest of respect to Mayor Norrie and the Executive Policy Committee, you should not go with that suggestion. Awarding costs against taxpayers trying to get a fair shake on their assessment is not the way to go.

The final subject that I have to address I was alerted to by some of the questions put to Mr. Chappell earlier. That is, how do you treat a developer and how do you treat a farmer who owns land immediately around the City of Winnipeg? Mr. Chappell put forward a very fascinating suggestion. If the owner is a farmer, then he gets assessed on a fictitious basis of his usable value as a farmer. Once the owner is no longer a farmer, the person pays the full shot.

It is an interesting idea. My association respectfully suggests that if farm land is going to get a break, it does not matter who owns it. You cannot give a farmer a break, or he is going to get a windfall. Perhaps the Weir Commission is the best way to go. Perhaps leaving it in the hands of the municipal councils and the City Council, in their good judgment, giving them discretion to classify or reclassify, is the way to go.

My association is going to put in a plug in its own self-interest and in the interests of its clients and consumers. You cannot paint developers as different than farmers, the farmers being good and developers being bad. The farmers are developers too. The farmer who is holding onto his property is looking for the best price in the long run. The developer who is using his property renting it to a farmer at market rent is in the same situation as regards his cash flow and his present ability to pay. Higher taxes mean nothing more than higher prices for the consumer in the long run.

The committee, in our submission, will have to treat everyone the same. The committee's recommendation to the Legislature, I suggest, should be, simply, actual value—giving the municipalities and the city the discretion to classify, and leaving that decision to be made by elected representatives on a year-by-year basis by way of deciding what is going to be the mill rate for any particular classification, and what classifications are going to be permitted. Thank you.

**Mr. Chairman:** Thank you, Mr. Dalmyn. Are there any questions to the presenter? Mr. Plohman.

**Mr. Plohman:** Yes, I understand, Sir, that you said that you agree with or recognize the presentations of Mr. Chappell, Mr. Nugent and Mr. Mercury. I did not get from that, that you necessarily endorsed all of their suggestions. You have identified some where you did endorse them since that time. Would that be a correct assessment of your position on their briefs, that you did not mean you endorse or support precisely what they recommended?

**Mr. Dalmyn:** I have seen a single sheet summary of Mr. Nugent's recommendations, and our association endorses those, and, in fact, goes beyond on some points. We largely endorse what Mr. Mercury had to say. Mr. Chappell raised some significant concerns as well, some of which we agree with and some of which

we do not. We do not agree with his idea that somehow you are going to achieve equity or you are going to achieve justice and fairness by treating farmers differently than so-called developers.

He raised one interesting suggestion that I did not deal with in the written brief and that is under our present system in the City of Winnipeg— you have a Board of Revision of 30 odd members, sitting in panels of three or four, and panels' recommendations being potentially overturned or overruled by the whole board.

We have seen in my experience, and in the experience of people appearing before the board, different results from different panels at different times. Overall, it is probably preferable to have the decision made by the people that you are speaking to rather than have a round-table discussion among 20 or 30 people, and presentations which the taxpayer and the city assessor are in no position to answer. It is probably better to go with that, and that is a suggestion he made verbally that I would endorse.

**Mr. Plohman:** On that point, Mr. Chairman, Mr. Mercury, I believe, suggested that, if boards were going to overrule decisions of panels, there should be an opportunity for the appellant to appear again. Which position do you prefer, insofar as the two recommendations?

**Mr. Dalmyn:** Mr. Chappell's. Mr. Mercury's position, to me, presents problems because the board, first of all, has to tentatively make up its mind and identify an appeal in which it has already decided to disagree with a panel. Some people are being singled out for special treatment. Everyone who appears before a panel should be treated similarly.

\* (1640)

You should not, secondly, have pre-identified a panel recommendation, and put someone, whether it is the taxpayer or the assessor, behind an eight ball when he comes to argue in front of 20 people. The process being what it is, the meetings of the Board of Revision being what they are, you are going to get pretty summary justice, a pretty impatient hearing, if you have to go back to the full board. So better take the panel, that is my suggestion.

**Mr. Plohman:** Mr. Chairman, under the appeal provision, then you are of the opinion that there should be a provision for an appeal based on external reasons other than just what is mentioned in Section 13(1) at any time during the intervening period between assessments.

**Mr. Dalmyn:** Yes, Sir.

**Mr. Plohman:** You would recommend an amendment that would provide for that kind of a broad appeal provision?

**Mr. Dalmyn:** Yes, Mr. Nugent suggested a way simply of avoiding the so-called freeze provisions. I do not think technically I could do better than his suggestion.



**Mr. Plohman:** You mentioned also under Section 16(1) that there was a reverse onus that gave the assessor some access to information that I understood you to say they do not currently have. In fact, instead of the onus being placed on the assessor to demonstrate that the assessment is fair and equitable and that in fact it now placed some of the burden on the taxpayer to provide information, it proves that it is not equitable.

**Mr. Dalmyn:** I am sorry if I was confusing on that point. There are two interrelated considerations there, Mr. Chairperson, Members. Section 16 gives the assessor a new right to demand information from a taxpayer, 16(1) and 16(2). I think 16(3), going to the Land Titles Office, is something the assessor can do anyway. Then we get into the onus provisions for the appeal legislation directing your attention to 53. 53(1) applies to a Board of Revision hearing and it says generally before a board the burden of proof is on the assessor. That is the law as it stands now. 53(2) and 53(3) provide for a reverse or shifting of onus. This is new. 53(3), the title, burden of proof for non-co-operation, that refers back to non-co-operation under Section 16, a taxpayer who is accused by the assessor of being unco-operative. The assessor searches for information under Section 16 stands to face a reverse onus.

In the same fashion as the reverse onus at the Municipal Board stage and I would refer the committee to Section 59 which governs procedure before the Municipal board. The burden of proof on appeals, 59(5), the general burden is as under existing law on the assessor; then we go to 59(6), providing a reverse burden for non-co-operation. Now that may or may not be justified. I wish to point out that it is a change in the law, not an insignificant one, and it relates back primarily to Section 16, to the new power to demand information. The main vice of demanding information is that it tends to judicialize the assessment process and it prolongs it.

I pointed out earlier that we are still dealing with 1987 and 1988 appeals that have not been heard as of 1990. I do not want to sound critical necessarily of the Board of Revision, but we have the Board of Revision refusing to schedule appeals in the City of Winnipeg because the city assessor's office is saying, well, we do not have the personnel or people are working on something else, we are not ready to go. It would be probably desirable if we are attacking this legislation afresh to put some penalty on the assessor for not being able to pursue and prosecute the appeal process properly. That is a significant consideration.

**Mr. Plohman:** That is another issue, we are dealing here with the authority of the assessor to demand information. The way you understand this will be that this could take place at the time the assessor is making his assessment. He could demand this information before making a final assessment if for any reason he does not have enough documentation to make it through other sources.

**Mr. Dalmyn:** Yes, it would apply at the time of the assessment, but as I read it and being perhaps cynical I would suspect it would come into play after a taxpayer

files an appeal in most instances. It would be used as a discovery tool and I say that has some advantages. It may lead to more accuracy in the appeal process, but if the taxpayer who appeals is the only taxpayer who is going to be subjected to this type of demand, I am wondering if you are getting into, as I said earlier, judicializing the process or perhaps penalizing the taxpayer who dares to appeal.

**Mr. Plohman:** Mr. Chairman, I would like clarification from the department, from the Minister, as to whether this is in fact the intent, and whether an amendment might have to be made. Would you agree then—perhaps before the Minister might want to make some comments on that, if it is acceptable to the committee—that this could apply at the time of the initial assessment but should not apply for an appeal? Would that deal with the concerns that you are raising so that it would not be, in fact, a process of discovery; it could only apply at the time of the assessment?

**Mr. Dalmyn:** That would be a constructive amendment, because it would prevent a Section 16 demand for information being used to delay an appeal hearing. Previous speakers have said that it is desirable that the appeal move quickly so that the municipality or the city can finalize its tax base, and it is desirable to let the taxpayer know where he stands. So if you could avoid delay and avoid penalizing or singling out individual taxpayers, yes, it is very constructive.

**Mr. Plohman:** Mr. Chairman, would that then mean that Section 59(6) and the other section dealing with appeals that you mentioned—I cannot remember which one it was—would be redundant?

**Mr. Dalmyn:** I would prefer to see those declared redundant. I can see a stronger logic for keeping those sections if the amendment you proposed earlier to Section 16 was to go. It would be less onerous, less, perhaps, discriminatory toward an individual taxpayer involved in an individual assessment appeal.

**Mr. Plohman:** Just for further clarification, 59(6), Burden of proof for non co-operation, perhaps could be retained for (a), which is to give an assessor a reasonable opportunity to inspect the property, but not for (b), which is to comply with Section 16.

**Mr. Dalmyn:** Yes.

**Mr. Plohman:** Mr. Chairman, I think there are some valid points here and perhaps the Minister is indicating that he may have some clarification on this area, at this particular time, which might be useful.

**Mr. Penner:** Mr. Chairman, if it is your wish, I would indicate that under Section 21(1) of the old Act, it indicates persons to furnish information and statements, and that section of the old Act reads this way, "Every person shall furnish to the assessor any information in his possession necessary to enable the assessor to perform his duties; and a person having property liable to assessment, if so required, shall deliver to the assessor a statement in writing signed by him, or if he

is absent, by his agent, containing all or any of the particulars required to be entered in the assessment roll respecting the property." It is staff's interpretation—and the intent of the new Bill would be to comply with that section, or be a similar section of the new Bill that would indicate that the assessor had the same authority to request information if and when required.

**Mr. Plohman:** Is that through the appeal process? Mr. Chairman, I think the key factor here is whether this is a request under the old Act that could be made at the time of an appeal, or at any time, or just when the initial assessment is taking place?

I know it is not proper procedure to be directing questions to the Minister now, but I think that is a relevant point insofar as the presenter's point here.

**Mr. Chairman:** Thank you, Mr. Plohman. Mr. Minister.

**Mr. Penner:** My information is that under the old Act, the assessor has the same right under the appeal to request further information that the assessor is given under Section 21(1) of the old Act, which pertains to the initial assessment. So the assessor, in fact, does have the right to ask for further information under Section 21(1) during the appeal process.

**Mr. Plohman:** I would ask the presenter whether it is in fact his understanding, and whether, also, the key point here is the burden of proof shift that is being presented in this Act?

\* (1650)

**Mr. Dalmyn:** The Minister has pointed out correctly, Mr. Chairperson, that there was similar legislation to Section 16 in the existing Act. I would suggest there are wording changes and it has been broadened, and as Mr. Plohman's question indicates, the most significant innovation of Bill 79 is the reverse onus in an appeal due to alleged non-co-operation. Whether that signals an intent by the assessors to demand information more routinely, I do not know, but I point out primarily the consequences of that to the appeal process and the potential unfairness to people appearing before Boards of Revision particularly without counsel.

**Mr. Laurie Evans:** I would just like to pursue this concept of the comments you made regarding the assessment and the taxation of land around the periphery of the city or around the periphery of other urban developments, because I think today we have heard the complete range from your own, where you say that regardless of who the owner is, the land should be taxed the same all the way through to those who are talking in terms of a retroactive windfall type of an approach to it, which may go as far back as eight or 10 years.

I have a little difficulty with the concept of having a developer treated as though he were a farmer and being taxed that way, in terms of the implication that this would have on speculative purchases of land around the periphery of the city, knowing full well that it is still

subject to zoning and other regulations. It would seem to me that we could be moving, if we were to adopt what you have suggested, to a situation where all land within a considerable radius of the city would be owned by speculators because there would be no reason why they would not purchase that land, because they would be treated as though they were farmers and they would be paying tax on it simply as agricultural producers despite the fact that the land would be operated by renters for the most part.

My experience would indicate that on land that is owned for speculative purposes and being rented out, there is a tendency to mine that land, in other words to minimize the inputs and attempt to maximize—take as much out of it as you can in a hurry, and eventually you get that land to the point where it has very little agricultural value anyway.

I would like your interpretation as to why you feel that there should not be some consideration given to the protection of farmers who own their land and are attempting to maintain that in agricultural production for a particular period of time knowing full well that they may at some time look upon that land as their pension plan, because certainly there are farmers who own land around the periphery of the city or who are anticipating selling it either themselves or their benefactors will sell it at a later date for some advantage. I certainly cannot agree with the concept that if you as a developer go out and buy a section of land on the periphery of the city that you should be treated similar to a farm owner in terms of the taxation level on that.

**Mr. Dalmyn:** A developer who buys farm land and rents it out should probably have the same incentive to keep that land in good agricultural production as a farmer, whether you wish to categorize it as using the land as his pension or as I have categorized it earlier, as a farmer developer. There are difficulties, the experience around the City of Winnipeg has shown that assessing all farm land, regardless of whether it is owned by a so-called developer or by a farmer leads to a fairly high level of taxation or a fairly high assessment which had to be alleviated against by a special classification leading to a lower level of taxation.

It was found, as I pointed out earlier, that the city assessor tended to treat all farmers as potential developers and that the assessment was high. The adjustment however did not come close, I think, to offsetting the taxes that would have had to have been paid if the land were not reclassified. Our association has come to the conclusion that the best way to go is to treat everyone the same, whether they are called farmer developer, farmer with an eye on a pension, developer renting to a farmer and to try to emphasize the importance of good farm inputs and good farm practices while the land is being used as farm land.

Otherwise you are going to get into a terrible swamp. You are going to see developers buying land anyway but putting it under option and using trusts or other devices to try to avoid being shown as the owner to avoid taxation. It probably has to be left to classification and in the hands of the councils to determine on a

local basis who is abusing the land and who is using the land properly. I do not see, the association I represent does not see having a two-track definition of value, one for farmers and one for non-farmer developers in the legislation itself. The legislation permits classification according to regulations which is a more flexible and appropriate method of dealing with the situation.

**Mr. Laurie Evans:** Well, I still have difficulty with the concept, because earlier on you had made the statement that the land values were going to be higher if the developer was paying a higher taxation level. In other words, you are indicating to me that the taxation they pay over a period of years that they have held that land is simply going to be put into the overall value of that land, and that in the end you or I, as a home owner, are simply going to cover that through the size of our mortgage.

I would react to that and say that I would doubt very much whether the price of the land that the developer would be charging would vary at all. I think that it would still be based on what the market would bear at that particular time, and that the differential in taxes over a 10 year period would not be reflected whatsoever in the price of the land that the developer would be charging if I went out to buy a lot in one of those new areas.

**Mr. Dalmyn:** In reply, Sir, I would not wish to sell farmers short. Your farmer knows what your developer is charging for land, and your farmer who has enjoyed a tax holiday is going to try to get as much of his pension plan as he can and all power to him. The farm economy being what it is, he should perhaps get a break at some stage, but if it is to be a break, let it be understood as a break for that purpose. Let it be understood that that farmer is at some stage going to reap a benefit which he has not paid tax on, which means that his neighbours elsewhere in the municipality have paid extra taxes.

**Mr. Laurie Evans:** I think you have missed my point. As I understand it, if you are going to treat the owner the same way regardless of whether he is a farmer or a developer, then there is no disincentive for the developer not to go out and purchase land far in advance of what he would normally do if he knew his taxation was going to be much higher because he was not going to be identified as a farmer.

So I can visualize—and maybe I am way off base here because I have not had a lot of time to think about this and because the concepts have just come up today. It would seem to me that we could look at a situation where if now—and I am just using this as a hypothetical—everything within a certain radius of the city is now owned by developers. I would think that if the developer is treated as if he were a farmer you would find the radius around the city which was in the hands of developers and speculators would expand very rapidly because there would be no disincentive for them going out and purchasing at the best price they can, knowing the period of time that they would speculate is of little significance because they are not going to be punished through the taxation system.

**Mr. Dalmyn:** He still has to find a willing buyer and he still has to dig into his pocket or go to his bank to get the money. If you are talking about a larger radius—the larger the radius, you are also talking about a larger area. Every kilometer that you go out you have a larger and larger area, and you are getting into some either very rich or very brave speculators.

I understand the Honourable Member's point very, very well. As I said, my pitch is simply, do not try to single out developers because developers have their customers and clients. The farmer is going to—whether he gets a break or not—go and in his own legitimate self-interest try to charge the same price to the public. The value of the land is the same and it should be treated the same, subject, I suggest again, to classification, subject to the judgment of the local Governments or the authority charged with making regulations under The Municipal Assessment Act as to classification.

**Mr. Plohan:** Mr. Chairman, just on that point. I just ask whether you would agree with my assessment that the disincentive would be one step back, that in fact the farmer who sells would have to pay retroactive taxation—five years or 10 years, depending—on what provision applied at that particular case. So in fact the farmers themselves would have that disincentive to sell that land to someone else and that would be the check and balance in the system as I see it. Would you agree with that?

\* (1700)

**Mr. Dalmyn:** That would be an interesting check. As far as the interests of the association I represent I would suggest that farmers and farm land, farm land is farm land, and a farmer—you should not have a definition of farmer. You should treat the owner of usable farm land the same whether it is a developer or a farmer who cashes in. As long as everyone is treated equally, no one can complain. Otherwise, you are going to see a terrible mess with deals under the table, secret deals, secret trusts, options, you name it. You are going to get into an enforcement nightmare. I do not know who is supposed to enforce this, the province or the municipalities, but I see a terrible mess ahead.

**Mr. Plohan:** I just want to indicate that I am certainly not in the position or do not want to be in the position of defending developers in this instance as some arguments are being made, not insofar as my position, but in terms of treating developers like farmers. Our position is basically based on the land use. If the land is being used for agricultural purposes, that should be the criterion to determine the amount of taxes they are paying.

I believe from what you said you probably concur to a certain extent that by having a retroactive provision to ensure that whoever it is that, as you put it, cashes in has to pay the taxes which should have been paid on that land for a number of years back. In fact, it tends to buffer that windfall which would be there.

**Mr. Dalmyn:** It buffers the windfall and it sees to it that the taxes are paid when the cash is there. Your

developer is no different than your farmer. To pay taxes when you are not getting any income, someone is going to end up paying sooner or later. It is better to pay out of the cash sale proceeds than to pay at a bank and pay interest and charge your ultimate purchaser a higher price than you have to.

I said at the beginning, my association has no objection to making profit, but the members of my association find that in day-to-day business competition they are cutting each other's throats. If someone can pay less taxes or find a way to pay lower taxes, he is going to undercut his competitors. In the result, hopefully prices are going to stay down and we are not going to see a situation where Winnipeg prices go like Toronto or Vancouver.

**Mr. Chairman:** Thank you. Before we allow any more questions, the hour is past five o'clock. What is the will of the committee? We have one more presenter possibly after this one.

**Mr. Plohman:** Mr. Chairman, I think we should continue to hear out the remainder of the presenters based on the number that are left.

**Mr. Chairman:** Okay. Is that the will of the committee? Fine.

**Mr. Dalmyn:** Mr. Chairman, with respect, am I excused?

**Mr. Chairman:** No, not yet, we have one other question for you. Mr. Taylor.

**Mr. Taylor:** Yes, now, on the procedural matter. I have been given to understand that we may not have one, but a number of other presenters. Could we, maybe while we are hearing the last of this delegation or questioning the last of this delegation, have the Clerk try to endeavour to what is going on? I have been given to understand at noontime today that we would have a presentation from Mr. Lasko, who did not present previously and just gave notice that he wanted to present. I have also been told that Mr. Meyer from the St. Adolphe area has supplementary material, including in writing.

Somebody made a comment to me to the effect that we still might hear from Mr. Fontaine, although I have not gotten that from him personally. I think the other thing that is one the table is whether there is going to be any further presentations, because comments were made to me in private, I will not give the nature of them, but in private that we might see—

**Mr. Chairman:** We will consider your matters after, since they are a procedural matter. We will consider them after the questioning of the final presenters. Mr. Pankratz, you had a question?

**Mr. Pankratz:** Yes, to Mr. Dalmyn, I would like to ask you—you were referring to that developer who goes out and can purchase the land as if it is all that easy to just go ahead and develop this land. As representing your organization, you are well aware that the zoning has to be changed. This might be in some cases where

the province has the handle as to the usage of land. Am I correct? Would you agree with me on that point?

**Mr. Dalmyn:** Yes, Mr. Chairperson, I agree with that comment. Zoning in most parts of this province requires, if it is a rural area, provincial approval. I think the City of Winnipeg has charge pretty well of its own zoning without provincial approval, but otherwise you go through the council, the local planning board, perhaps the Minister.

**Mr. Pankratz:** Did I understand from your comments before that you felt that possibly with zoning that would be the proper time to adjust the value of the land?

**Mr. Dalmyn:** The zoning would present a practical problem for a farmer-developer, as he has become at that stage, if the farmer still owns it.

It is a question of cash flow, if you are to defer the taxes. I am assuming perhaps that Mr. Pankratz's question relates back to some of Mr. Plohman's comments about the Weir Commission concept of a catch-up, at a significant event. The disadvantage of a rezoning is that it is going to catch some people short of cash until they actually make sales.

**Mr. Pankratz:** Well, I am not sure whether I quite follow your answer in this respect. We are assuming that actually with the land in the surrounding area is naturally going to appreciate in value, that is what we are assuming. Now, unless there is a zoning change, it basically freezes the usage on it. So here this farmer sits with this land zoned agriculture, he wants to farm it, and until the Provincial Planning Branch or the City Council is prepared to change that zoning, it will actually stay in that usage, and nobody will reap all these windfalls that everybody is talking about here this afternoon.

**Mr. Dalmyn:** As a general rule, I would agree that the owner of property is not going to apply for a subdivision until he is pretty close to an actual development with sales and cash flow. There are instances where people with small parcels of land have been compelled to go along with someone else's subdivision and there may have to be some consideration buffering that situation.

**Mr. Chairman:** Thank you very much, Mr. Dalmyn, for your presentation this afternoon.

**Mr. Dalmyn:** Thank you, Mr. Chairman, and committee Members for your patience.

\* (1710)

**Mr. Plohman:** Yes, Mr. Chairman, I would suggest that we continue with those presenters who are here and complete that today, and I would also suggest that anyone else who is on the list—this is somewhat of a deviation and it is not meant to delay—who could not make it today, and who can make it a subsequent date, that the committee at that time consider hearing their presentation. I believe we should go to completion of whoever is here today, but not say at that point that,

say, if one of the presenters or two is not here today that they have forfeited their chance to make a presentation forever.

**Mr. Chairman:** Okay, is that the will of the committee? Agreed. Mr. Cummings.

**Mr. Cummings:** I would like a little clarification on the implications of what the Member for Dauphin (Mr. Plohman) was just expounding. Is he saying that if another presenter shows up that they will be heard, when?

**Mr. Plohman:** Clearly, what I said was that those who are on the list that were not able to be here today that we would hear them at the next sitting of the committee, those who are on the list but did not come. That is what I said.

Now, if there are other presenters that show up on Monday at three o'clock, when we are starting our clause by clause, I think the committee has to decide at that point, yes or no, whether they want to hear the public at that point in time. It is a difficult thing. If people come forward, however, we should decide then.

I was not suggesting that we make a decision that those would be heard at this time. What I was suggesting, Mr. Chairman, is that those on the list would not be forfeiting their chances to make their presentation simply because they did not arrive today.

**Mr. Chairman:** The rules of the committee are if we have called the names twice and if they are not here, they are dropped from the list. In the case of Mr. Manchulenko and Mr. Fontaine, they were already called twice, so they were not here. I understand they are not here again. Are Mr. William Manchulenko or Mr. Philip Fontaine here? No, they are not here.

Mr. Plohman, on a point of order?

**Mr. Plohman:** Well, just recognize me whatever way you wish.

**Mr. Chairman:** Do you have a point of order, Mr. Plohman?

**Mr. Plohman:** No, I have a comment.

**Mr. Chairman:** Okay.

**Mr. Plohman:** Because I know you are going to say I did not have a point of order.

I just want to bring to the committee's attention that my colleague, the Member for Rupertsland (Mr. Harper), has endeavoured to contact Mr. Fontaine to determine why they have not been able to be here today or whether they are still coming. I would ask the indulgence of the committee for him to return from his phone call to try to shed some light on that. It seems to me that the committee could decide at any time to hear a member of the public, regardless of what the rules are about calling twice. The committee can determine that if they wish, so we should leave that open, I would think, Mr. Chairman.

**Mr. Chairman:** At the present time we have two people left on the list here, a Mr. Garry Grant, then possibly a Mr. John Petrinka. Is that right?

**An Honourable Member:** And then Mr. Lasko.

**Mr. Chairman:** Those three we will deal with after, but we have first two who are on the list, Mr. Garry Grant and Mr. John Petrinka, who would like to make presentations, I understand.

\*\*\*\*\*

**Mr. Taylor:** On a point of order, Mr. Chairman.

**Mr. Chairman:** Point of order, Mr. Taylor.

**Mr. Taylor:** Mr. Lasko came before this committee one evening before Christmas and said he would be coming back. Is he not on the list before these people? I thought he was.

**Mr. Chairman:** Mr. Taylor, I am sorry, you do not have a point of order.

\*\*\*\*\*

**Mr. Chairman:** We have a statement about the three who did attend the hearings and actually did make presentations. They were Mr. Taras Lasko, Mr. John Kuzminski and Mr. Peter Meyer. They were all in the same position, and they spoke at the hearings already that we had.

**Mr. Taylor:** Mr. Chairperson, Mr. Lasko did not make a presentation whatsoever. He came forward and said—

**Mr. Chairman:** Yes, he did, Mr. Taylor. I am sorry.

**Mr. Taylor:** I am sorry, I was at that session, Mr. Chairperson. He said: I am not prepared, I just was made aware of it, I was out of the country and I would like to come back at a time when I am prepared. That is about the extent of his comments. The committee agreed we would like to hear you again when you are prepared, whether that is orally, or orally and in writing. He did not make a presentation, so the suggestion by the staff to that effect is in error.

**Mr. Chairman:** Mr. Taylor, I am going to correct you. On December 21, Mr. Taras Lasko, who is a private citizen, spoke for four minutes and forty-three seconds and was asked questions by Mr. Penner and Mr. Ashton for eight minutes and three seconds. He had no written presentation.

**Mr. Taylor:** No written presentation whatsoever.

**Mr. Chairman:** He did have a presentation, I am sorry.

**Mr. Taylor:** Then you are suggesting, Mr. Chairperson, the basis of that is this man has made a presentation.

**Mr. Chairman:** If these people had written presentations, we were willing to accept them, were

we not? Yes. Understand this is not normally the practice of the Manitoba committees. However, by unanimous consent, the committee Members have already indicated a desire to hear these presenters a second time. This does not create a precedent. However, I would suggest that these witnesses who presented earlier would have additional information by way of written presentations. We would distribute the new presentations for the perusal of the committee and include their names on their written submissions. If it is still the committee's desire to hear these presenters a second time, what is the will of the committee? It has to be by unanimous consent. Mr. Pankratz.

**Mr. Pankratz:** Mr. Chairman, how many more people are there who would like to make presentation to the committee?

**Mr. Chairman:** Two.

**Mr. Pankratz:** I would suggest that we get on and hear those two people immediately.

**Mr. Chairman:** Okay, I would like to call Mr. Garry Grant then. Do you have a written presentation with you?

**Mr. Garry Grant (Private Citizen):** Sorry, I do not. I just drew up some very rough notes and it is a very brief presentation, actually.

Just a bit of a background, this is just a private presentation. It is not representing any group; I am not speaking for any particular group. A bit of background maybe is that I was with the provincial and municipal assessment branch for quite a number of years, so I have the understanding of the legislation and implemented it to the best that I could at that time some years back, but I am speaking from just a general concern about some points of the current Bill.

I will be referring specifically to several sections. Firstly, on page 2 under Definitions, subsection (j), specifically No. 1 under that subsection, an improvement. I think there is a need to look at an addition to this definition in the area of buildings that are being renovated.

There is now provision for a new building, or a new addition to an existing building; but when a building is taken out of commission, out of use, for some length of time, taxes continue on it. That building is virtually in the same physical and new situation as new construction, but there is no provision for giving a break on taxation in this period of time.

If I am putting up a new house I will not be assessed nor taxed on the improvement itself until I can essentially use it. But if I take a building, whether it be a store or a grain elevator or a house or whatever it is, and do virtually the same thing, take it out of action, my taxes will continue and I can end up with an added—well, whatever it is maybe on a residence, it could be \$800 to \$1,000 more of an expense because of that little fact.

I think this is something to consider in this particular section. It is possibly somewhat of an administrative

complexity, but I think it is surmountable, and particularly Section 13(1) covers a lot of the procedural things that make it possible, I feel, to work this in.

It is not quite as neat as, say, a new construction, but I think it is worthwhile considering the individual who is renovating a building.

That was the first point I wanted to make.

\* (1720)

On Section 17 there is the reference to "value". I am a little surprised, I suppose, to see it. It seems to me it is one of the most wide-open type of things there could be. It is more wide open than the previous legislation. It is not until you get to reading the brochures that came out for anybody who was inquiring about this legislation that you saw some reference to what value was. Then it is shown that we are talking about market value but by definition in the legislation, I do not think there is anything that does anything to really say what kind of value we are talking about here. It is one of the most critical things in this piece of legislation. I think it is something that needs to be addressed rather than just to leave it to an administrative path of least resistance or something of that nature.

Part of the reason for this thinking is that there really is a tremendous amount of property that is never tested in the market. You have specialty buildings, say a radio tower, possibly an airport control tower, service stations to some extent, gas pipelines. They are not a comparable thing in the market.

When these sort of improvements change hands, it is part of a business transaction. They go along with it. You are not at an arm's length marketing of a structure in itself. Usually, if it gets to that point, frequently you are looking at salvage value, often with something tying up the property. If it is a service station, shall we say, it cannot be used as a service station by another corporation. So the market is not going to be the measure that will have to be used to achieve assessment on a lot of properties.

Going on to looking at market and farm land—or land in any case, but specifically farm land—I feel there is something that has to be recognized. Land is not a renewable, it is a non-expandable resource. If you need another building or need a change of building, you can rebuild or build a new one or tear down one and build another one. You do not do that with land.

In the last 20 years, I think we have seen where, if you wish to go farming or you wish to gain a piece of farm land, you do not go to new virgin soil, you do not go homesteading. You have to buy out an existing situation, and what it has meant is that there has been a speculative factor involved to the pricing of all land and particularly farm land which I think when you get pricing that is above the productive value, you are not dealing fairly with those who have that property. It is not a fair taxation situation. You are getting into comparing the non-expandable thing with its increment of speculative value which does not exist on the buildings that maybe make up the greater part of value in an urban or a commercial situation. That is the nature of farm land.

I do not think fairness is an easy thing to achieve, and it is something that the assessor is going to always have to contend with and I guess in a lot of ways, fair assessment is something that goes my direction and unfair assessment is something that puts my taxes up, so we all have our views of what is fair. Usually if we benefit it is fair.

Another point was in the section that was dealing with Section 22(2). I think I have written the wrong number. I was looking at the farm building exemption. Section 22(2), sorry, wrong one, it is on page 26. I am questioning why this is a reference to farm land. It seems to me essentially what we are talking about here is an exemption for buildings of potential historic value. These essentially are not of buildings of, you might say, farm worth, but they are put under farm improvements exemption.

I would suggest that if we are looking at historic provisions here, the reference to farm land being on farm land is maybe redundant. It is not what it should be, particularly when we do not know what the definition of farm land will be. It is not part of this legislation and if it happens to be something that says it must be five acres or something of this nature or other, there is going to be quite a hue and cry about smaller sites on which there is an older building involved that should not be forced to be destroyed. I think there is something to consider there. Look at it from what it is intended to be here. We are looking at the old church sites, the old schools, and possibly some of the small hamlets that are now virtually dead. There is maybe one or two building left there, but they are not farm land. I can see the definitions giving us a bit of a headache and that sort of thing.

\* (1730)

I think the need is in the farm area for a clause that covers farm buildings for which there is no current use or for which no user can currently be found. We should recognize that there is a lack of alternate uses. In low population areas it is a situation where, as an example, if somebody has a bee operation, has a substantial investment in buildings, and in the years 1988 and '89 possibly, there is just no way he can be in business and those buildings stood vacant. The suggestion that they should not be taxed unless they are permanently vacant, I do not think is right for the industry, and that there should be the opportunity for them to be brought back if the economy or alternate uses or some other changes occur that they can be used. When it is agreed that buildings on farm situations cannot be used, I think what we should look at is saying essentially they have no value. We do not want them scrapped, but let us just in effect put them in mothballs, not with an age factor, and not permanently.

I thank you for the opportunity to kind of make a last minute statement in these regards.

**Mr. Chairman:** Thank you, Mr. Grant. Are there any questions to the presenter? Mr. Plohman.

**Mr. Plohman:** Mr. Chairman, just as far as 17(1) is concerned, I think most people around this table agree

that there has to be some definition, and I believe the Minister has indicated that the Government intends to bring a definition of value. Certainly we would be prepared to do that as well, if it is not brought forward. That would address the concern that you have there. It has been raised by a number of other people as well.

The issue of a vacant building not being taxed is one that has also been raised here, and is one that I hope the Government will seriously consider addressing in that area. It seems that you have raised, along with others previously, at least one other presenter, an interesting problem that exists with the production buildings that may not be in use for a year, or two, or three, or whatever may be the case for various reasons. There might be some merit to your suggestion. I think that your points in that regard are well put. I do not have any questions for it.

**Mr. Penner:** Just one area. You indicated that—and I am not quite sure I understood what you were referring to, whether you were referring to buildings that were being renovated, older farm homes, or other buildings being renovated, or new additions added to older buildings and whether they should be taxed before completion date, or whether there should be an exempt period, I was not quite sure what you were referring to when you mentioned that.

**Mr. Grant:** My suggestion was not in reference to farm. This is talking about buildings, whether it be within the City of Winnipeg or the Town of Birtle or any rural location.

I am suggesting that particular section now provides that a new building or an addition to a building is not to be taxed until essentially it is ready to use. That is the way the legislation before you, the Bill before you reads right now. I am suggesting that there be added to this definition, the building that is being renovated.

We will take, whether it be commercial or residential or whatever it is, but if a person takes out a building permit it is agreed that it is no longer usable as a car showroom or whatever it is, and will not likely be for six months, does not that person have the same right and fairness of taxation to not be paying taxes along with the person across the street that rather than renovate puts up a new structure? You see the new structure is not taxed until it is into use essentially; pull something out of use, your taxes continue. That is the unfair part that I see.

**Mr. Penner:** If we would consider something like that, for instance, a hypothetical question then. If you, for instance, would in The Pas, take the Manfor plant out of production for a year or two for renovation purposes, and you would then withdraw the assessed value of that facility out of the marketplace and cause no taxation to occur for a period of let us say two years on that facility, how would you then during that two-year period, raise dollars to continue the services in the Town of The Pas?

I know that is an extreme one because it is virtually a single industry town, and the Manfor plant contributes a large portion of the operation of the town in that area. What would you do in that sort of case?

**Mr. Grant:** That would be getting into the whole area of municipal financing I suppose. There are already provisions for added taxation when a building goes into production within part of a year and becomes kind of a windfall-revenue sort of thing. I would think that there would have to be some provision for buffering, a reserve or whatever it is. I still place before you as an unfair situation where, say they do pull that plant out of production and renovate it, their taxes continue.

Right across the way from them is someone else putting up a new plant. They do not have taxation until they are into production. That is the unfairness. I am concerned about the taxpayers' end of it, you see. I know that from the administrative thing there can be problems, and at the municipal office there could be problems, and provisions would have to be made for it, but in fairness to the taxpayer I think it needs looking at.

**Mr. Taylor:** Yes, thank you, Mr. Chairperson. To the delegation, you say you were an active assessor as part of your career?

**Mr. Grant:** As active as assessors get, yes.

**Mr. Taylor:** All right. What did you do when you went in and assessed a house which had replacement plumbing and replacement electrical, potentially a furnace, new shingles, that sort of thing? We are not talking about particularly a qualitative upgrading, but we are talking about replacement of basic features of the house because they have worn out. What was the reaction that you, as an assessor, took when you saw a house that had been changed in that fashion?

**Mr. Grant:** Speaking specifically of a house or any other building, I suppose its value was enhanced. Therefore, it seemed fair to up the assessed value of it, taking into consideration how much realistically it was improved.

There are formulas of sorts, but in effect, if the building is improved, you have to attempt to gauge how much improvement it was. You could spend \$50,000, but you may have only improved the building \$20,000 in the assessor's mind or in the owner's mind or a new owner's mind or whatever. That is quite possible for a person to have happened.

**Mr. Taylor:** Yes, I am not talking about a situation where all sorts of new outlets are added or where fancy lighting fixtures or Jacuzzi or whirlpool baths or any of these other nice plumbing things are added in, but we are just talking about replacing the basic electrical lines, replacing the basic plumbing service within the home, that sort of thing.

That then, in your view as an assessor, was not a case of keeping the home going, because it was becoming non-functional because of problems with the wiring, such as shorts and old cast-iron pipes springing leaks. In your view, it did not matter that was just a case of keeping the home going; it was still viewed as a qualitative improvement, just replacing those basic things?

**Mr. Grant:** I guess the picture I was getting maybe was a bit above what you are saying. I am talking about somebody that has really said, I am improving the property. But maintenance, in the long run—if you want to call it maintenance sort of thing—does enhance and keep the building from, you might say, being demolished in time.

So I do not know how else the assessor would handle the situation, in that this sort of maintenance in some way or other does keep the value up—or whatever you call it—and if you do not do maintenance, then it becomes a loss of value faster, I suppose. I think, over time, it must be recognized by the assessors.

**Mr. Taylor:** In the time you were in the service, were there discussions held in the department in regard to the concept of tax holiday for those who did those basic things—to keep up older housing stock—and tax on truly qualitative improvements, such as nice added features, additions, fancier windows and plumbing facilities, in contrast to the basic replacement aspect of features such as plumbing, electrical, roof, that sort of thing? Did this sort of thing ever come out?

**Mr. Grant:** I am sure, as a working, administrative person that—I cannot just recall a specific example, but I am sure we had, you might say, professional discussions about evaluations of property which would cover this sort of thing. I know if we consider what happened in other jurisdictions, if it came up there, certainly it was a matter of discussion, but we operated within the law, of course.

**Mr. Taylor:** I wonder if you are aware that in some jurisdictions in Canada there is up to a five-year tax holiday for that sort of basic upgrading of older housing stock. Have you ever come across that in any of your readings or professional meetings or anything like that?

**Mr. Grant:** Well, it is about 10 years since I was an assessor. So I am a little forgetful of just whether I had or not, but I cannot specifically remember reading the details of how that was administered. No, I do not know. The concept I can understand and most likely heard it, but not in depth.

**Mr. Taylor:** Thank you.

**Mr. Chairman:** Thank you. Are there any other questions for the presenter? If not, thank you very much, Mr. Grant, for your presentation.

**Mr. Grant:** Thank you.

\* (1740)

**Mr. Chairman:** I have one last presenter, Mr. John Petrinka. Do you have a copy of your presentation Mr. Petrinka?

**Mr. John Petrinka (Private Citizen):** No, I see this leaves the door open for me. Mister—what was his name—Lasko who was here once before did eight minutes but no formal presentation. I think that is going



to allow me to do maybe a 30 or 40 page presentation at some future date.

My comments are few. I would like to first of all suggest that the Government should be commended for having the guts to pass through this legislation. The market value approach is going to, whether you realize it or not, simplify the process. In fact, you may be able to do away with half your assessors because you will be gaining approximately 3,000 new assessors; every real estate agent is going to become an assessor now with the '85 values.

What I would like to comment on is ownership of land. I sat here all afternoon and, as a real estate broker, I have heard many comments on how land should be assessed inside the urban limit line, outside the urban limit line, whether you be a farmer or a developer. The concept in marketing is four Ps, price, product, place and promotion. In assessment there are three Ps, present and permitted use and no assessment on potential. Potential is only assessed at the time that the so-called given gain kicks in. When you take a look at the number of statements that have been made here this afternoon, we have a situation where they talked about ownership. Really, it matters not whether a developer or a farmer owns the land, it is in the present and permitted use. What the economic gains from the land are is the only configuration that enters into the final economic evaluation of the land.

The other side of the valuation that happened outside the urban limit line—we had the City of Winnipeg pass a thing called "Plan Winnipeg" in 1986, and as of 1981, if you take a look at land sales outside the urban limit line, they are non-existent. The Assessment Department literally set its assessed values at your '75 level, based on sales from 1974 through 1978. There was a lot of speculation; speculation was rampant at that time. Those values could be anywhere as high as \$4,000, \$5,000 an acre, but that land in essence, in April of '86, was frozen for 20 years.

There is no development outside the urban limit line for 20 years. It makes no difference what your race, colour or creed is, whether you are a farmer or a developer, that land is worth what the present and permitted use is, which is farming. We know what farmers have been going through over the last couple of years. Where land was worth \$2,000, \$3,000 an acre in your prime agricultural areas of the province around Carman and so forth, they are having trouble getting \$500, \$600, \$700 an acre today. You are having the same particular situation happen here outside the urban limit line.

If you have a piece of land on one side of the Perimeter, outside the urban limit line, on one side of the Perimeter it is worth \$750 and on the inside of the Perimeter it is worth \$2,500.00. You tell me what the difference in the production value of that land is? There are none, but yet the assessment is that much of a difference.

So what you have here is not a matter of who owns the land. I am inclined to agree possibly with Mr. Plohman's approach in recapture, but then that has a little bit of a problem with me too. I think it was

mentioned again whether or not it was the farmer that sold the land or whether the developer sold the land, but who is to say that the land may not be worth market value at that time, the time that the sale occurs which may not be, according to the latest legislation, until '86 and 20 years. That is 2006.

So it all comes down to what market value is all about, and I think we had a good definition from Mr. Chappell on market value. I think the legislation, while it has a couple of technical things that I would like to address, I think I am just going to stick with the fact that the two comments are enough for tonight. We will let you all go home for dinner.

**Mr. Chairman:** Are there any questions for Mr. Petrinka?

Just a minute, Mr. Petrinka. Mr. Minister, did you have a question?

**Mr. Penner:** Not a question, just a very brief comment. For somebody who did not spend a great deal of time putting a presentation down on paper, I am impressed with the depth at which you have addressed the issue in the way you have done, and I appreciate very much the presentation that you have made.

**Mr. Patrinke:** Thank you.

**Mr. Chairman:** Thank you, Mr. Petrinka. Are there any other presenters here? If not that concludes our list of presentations.- (interjection)- Well, it is up to the committee. We must have unanimous consent, but these people have already given their presentations. We must have unanimous consent to give them the right to let them present.

**An Honourable Member:** How many would there be?

**Mr. Chairman:** There would be three, Mr. Meyer, Mr. Kuzminski, and Mr. Lasko.

**An Honourable Member:** Are they all here at the present?

**Mr. Chairman:** Two are here. Mr. Kuzminski was here earlier today and he was quite satisfied to give his written brief to us and I believe his written presentation was distributed. The same with the other two members, as far as I know. They have a written presentation. It is not circulated? I am sorry, it is not circulated, but it is here.

**An Honourable Member:** So we will be getting it?

**Mr. Chairman:** Yes.

**Mr. Plohman:** Mr. Meyer gave a copy of his presentation to some of us. I know I have a copy of it.

**Mr. Chairman:** The only one we do not have a written presentation from is Mr. Lasko.- (interjection)- You have a written presentation? -(interjection)- Well, he has already.- (interjection)- Is it the will of the committee that we give Mr. Lasko unanimous consent to give his

presentation? Agreed. Okay, Mr. Lasko. Do you have a written presentation? Would you like to present it to the Clerk here? Go ahead, Mr. Lasko.

**Mr. Lasko:** Thank you, Mr. Chairman, for accepting me here for all this hassle. I came here and I said last time that I was not prepared to present a brief today, that I would like to present a brief at a later date. When Members of committee questioned me, it was not my fault that I was held up for eight minutes. All I said was I would like to present a brief at a later date.

**Mr. Chairman:** Carry on, Mr. Lasko.

\* (1750)

**Mr. Lasko:** I believe we need changes to our assessment Act, but I would not like to see Bill 79 approved in its present form. I believe there should be amendments made to Bill 79. As I see in the brochure, why will property classes be created. We have different classes of properties: Residential 1, Residential 2, Residential 3, farm property, institutional property, pipelines, railways—farm property, it is only one farm property. I believe there should be more classification of farm property, such as productive or non-productive, flood-prone, artificial or natural.

As it is at present, Provincial Land Use Policy II states that flood-prone lands should be retained for open space or agricultural cropping. Therefore, property should not be assessed or taxed at full market value.

Also, property which is left in its natural state, which provides shelter for wildlife, wind and water erosion, is not used for agricultural purposes and is not allowed to be developed due to artificial flooding, also should not be assessed or taxed to full market value. This would give property owners of such land an incentive to leave more of their property in its natural state. I have a copy here, for sustainable development in Manitoba, which states we should have more of this land left in its natural state.

The way I see, with Bill 79, these same people will be penalized on this property. I myself have a piece of property there. We have 160 acres, about 60 acres is agricultural, the rest is all in bush. We have preserved it as sustainable development for the last 40 years. Now we are being penalized, and will be assessed full market value. I do not believe that is fair.

Also, your brochure states: did you know it takes 60 trees to produce enough oxygen for each person on this planet? Now, if I will be assessed at full market value, and other people in the same position as I am are going to be taxed at full market value, we are not going to leave that property in its natural state. We are going to destroy those trees and use it to its full capacity.

Also, classification of farm buildings to be assessed—examples—dwellings or houses, occupied or unoccupied, greenhouses used for two, three months, or a full year. Will these be assessed at full value? Grain bins—examples—I have grain bins, which I bought twenty years ago, and I paid \$300 apiece for these buildings. Today, these same buildings are worth about

\$1,200.00. Will I be assessed \$1,200 on these buildings today?

Also, these bins are empty half the time. I filled these bins up in August, I filled my quota. Two or three of these buildings are empty now and they will be empty till next August again. Also, we do not get paid storage for grain in these buildings. So I do not see why we should be assessed at full market value.

Now I will go to Part 8, summary of provision in new municipal Act, page 39, Part 8. Interpretation, revision and appeal states the burden of proof for the amount of assessed value remains on the assessor, whereas the burden of proof for eligibility for exemption or for classification of property remains on the applicant.

In this case, how is the applicant eligible for exemption or classification of his property when exemption and classification are not included in Bill 79?

Such exemptions and classification must be included in Bill No. 79, and should not be left to the discretion of the assessor, the applicant, or the courts. We had the same problems with the original Act.

Part 3, Section 5(3)(f) should include "by appointment only," which means the assessor can come on my property and inspect my buildings. I do not believe that he should be able to come there without my permission, and I have had it happen before. Here I was busy, I had about 10 people working for me on the garden. The assessor comes, he says, you have to come with me, I want to assess your buildings, look at your buildings.

I cannot leave my workers there and just go because the assessor came. If I want to go to a doctor today, I have to have an appointment. I believe the same should be with the assessor.

Bill No. 79 should clearly state that assessment and taxation of farm buildings is to be used only for the Education Support Levy and should not be used by municipalities as a lever for other means of taxation. I would also like to know, what is a province-wide standard? If each municipality is to collect this Education Support Levy within the municipality, then I believe that farmers, property owners in the municipality of Ritchot will be taxed harder with Bill No. 79 as it was with the present assessment Act.

The reasons are, Ritchot municipality is about the third smallest municipality in the province, with the highest school mill rate in the province, not including the City of Winnipeg, at the present. Not too many hog barns, chicken barns or cattle barns, no elevators, and not too many businesses are located in this municipality. Development and businesses are not allowed to establish by Government departments in this municipality due to flooding.

I guess that is all I have to say on this.

**Mr. Chairman:** Thank you, Mr. Lasko. Are there any questions for Mr. Lasko? Mr. Roch.

**Mr. Roch:** In regard to the latter portion there, that taxation of farm buildings should be only for the

Education Support Levy and should not be used by municipalities, looking at Section 23(2), maybe the Minister or somebody can clarify—farm property. Is that strictly real estate? Is that strictly land? Does that include outbuildings? It does not appear to be clear in the definitions.

**Mr. Chairman:** Who is your question for, Mr. Roch?

**Mr. Roch:** Mr. Penner or the staff. In Section 23(2), and I bring up the question because of that latter part here, where it states that assessment and taxation of farm buildings is only for the Education Support Levy and shall not be used by municipalities.

**Mr. Penner:** Under—

**Mr. Roch:** Under 23(2), Farm Property Exemption: Farm Property is exempt from liability for payment of the Education Support Levy under The Public Schools Act.

**Mr. Penner:** The 23(2) refers to farm property and speaks to the exemption for payment of the Education Support Levy under The Public Schools Act and refers to, specifically, farm properties such as land and outbuildings.

**Mr. Roch:** The question then, to Mr. Lasko, is that, if I understand you correctly, you are saying that the outbuildings here should be used only for the ESL, not for general municipal taxation.

**Mr. Lasko:** Or provincial support levy, and not be used for any other purposes.

**Mr. Roch:** Okay, thank you.

**Mr. Taylor:** Mr. Lasko, you made reference to uses of greenhouses, some that are operating on a year-round basis and others that are only for two or three months. What was the main function of those that are going to be used for only two or three months? Are these starter plants?

**Mr. Lasko:** These are plants that I use myself. I raise these plants for March and April. Then in May they go out into the garden. They are for my own use.

**Mr. Taylor:** They are not being used as seasonal greenhouses for flowering plants or anything like that?

\* (1800)

**Mr. Lasko:** No, they are just used for vegetables for myself in my own garden. What I meant was this: if you have a chicken barn or a hog barn or, say, a garage or whatever that is used year-round, there is an income from those buildings year-round, but from a greenhouse or a grain bin—it is only used for a couple of months.

**Mr. Taylor:** Mr. Chairperson, I understand that vegetable growing is your main role. Do you have refrigerated, heated, chilled buildings of any sort for vegetable storage after the crop is in?

**Mr. Lasko:** One shed.

**Mr. Taylor:** Could you describe what sort of a building that is? Is that an insulated building with a temperature control, or what is the nature of that building?

**Mr. Lasko:** It is just a plain building. It is not insulated or—it is just a plain building. The way I market garden is that by November my crops are all sold and I have nothing for storage for the winter.

**Mr. Taylor:** Would you say, Mr. Lasko, that would be a normal pattern then for a market gardener, that there is not retention of crop on the property, and that it is gone by the time winter has arrived?

**Mr. Lasko:** I believe there are different classes of market gardening. There are the root crop growers which store vegetables like potatoes and other stuff pretty well all winter. I do not grow any root crops. My crops are mostly on top, like cabbage, peppers, and stuff like that.

**Mr. Plohman:** Mr. Chairman, I just wanted to ask Mr. Lasko whether he has any specific proposals for the provision of assessment of bush land or wildlife habitat. Should it be assessed at a certain percentage of agricultural land or do you leave that up to us but feel that it should be lower than agricultural land?

**Mr. Lasko:** I am not an assessor or anything. I believe that it should be dealt with within the committee.

**Mr. Plohman:** What you are saying though is that you feel there is a need to provide an incentive to retain this land in its natural state for environmental reasons?

**Mr. Lasko:** Right. We have been asking for this for the last 20 years. That land could be used for agricultural purposes, but it is there and we have left that land there for that one reason because it is flood prone. It is very bad for erosion, so that is why it is staying in its natural state. The only thing it is good for is if a person builds a house in there, and that is about it. The rest will stay in bush; that is about all it is good for.

**Mr. Plohman:** Not only should the land be assessed at a lower value because it is bush land—as I believe the current assessment would reflect—but it should also be taxed at a lower percentage than a farmer.

**Mr. Lasko:** Right. I am not asking that we do not pay any tax at all. I just say that it should be assessed and taxed lower, either one or the other.

**Mr. Laurie Evans:** Mr. Chairperson, my questions relate to the comments you make regarding the flood proneness of land, and I know where you are south of the floodway there. Has that area which is subject to excess flooding as a result of the floodway—and I was unfortunate enough to live in that vicinity at one time, and no one will ever convince me that the floodway has not exaggerated the flooding problems south of it, it obviously has. Has that differential ever been

rectified through assessment, or are you still faced with assessment that is based on the way it was prior to the installation of the floodway?

**Mr. Lasko:** We are still bucking the same thing till today, that is, for the last 20 years.

**Mr. Laurie Evans:** So for 20 years, the impact or the attempts that you have made through the association south of the floodway have had no impact whatever in having assessment changes made there. You are looking at the same land values that you were prior to the installation of that facility.

**Mr. Lasko:** Also increasing just about every year. No, we have been asking, either assess it lower, tax it lower, or do not tax us at all if you are going to flood us artificially. This is what we have been asking for.

**Mr. Penner:** Mr. Lasko, did I understand correctly that you said you had a quarter section of land, part of which was in bush?

**Mr. Lasko:** Yes.

**Mr. Penner:** How many acres would be in bush?

**Mr. Lasko:** I would say there are about 90 acres in bush.

**Mr. Penner:** About 90 acres in bush, what would be the assessed value of the quarter section, the total assessed value of the quarter section?

**Mr. Lasko:** I could not say what it would be, because everybody says it is valuable land because it is a river property. It has river all around. In the meantime, we are being told that we cannot develop, we cannot do anything with it because it is flood-prone. How can you put an assessed value on it?

**Mr. Penner:** What is your assessment on that quarter today?

**Mr. Lasko:** On that assessment I could not tell you that exactly, what it is. I had it with me, but I think I left it at home, the assessment.

**Mr. Chairman:** Mr. Taylor, did you have a question yet?

**Mr. Taylor:** Yes, Mr. Chairperson. Mr. Lasko, as regards the use of the flood-plain land that you own, do you normally crop it?

**Mr. Lasko:** We crop it every year, except when we have floods, like '69, '74 and '79. We did crop it, but it was late crop—which we did not.

**Mr. Taylor:** You have not attempted water chestnuts or rice yet.

**Mr. Lasko:** No.

**Mr. Taylor:** Have there been discussions amongst your fellow farmers, the local councillors, that sort of thing, about dealing with the real-life situation of so many years, that the land in that area will be under water, and therefore how to deal with it? Have there been community discussions about a fair way of dealing with it?

**Mr. Lasko:** Yes. We have had discussions. We have had an organization looking into it. We have been asking our municipality and our municipality does not seem to do anything. We have been after our Governments and we can get no place with anybody. All we are being told is, you are flood-prone, that is it.

**Mr. Penner:** One more question. I suppose you and I are in a very similar situation in many ways, except that our farm is not located close to the floodway as yours is. However, we do own some land right on the Red River. The Old Man River, or Red River, certainly has its ways of letting you know in certain years that it is there and that it does not always stay within its banks.

However, on our farm we have found that in most years, with the exception of one—and we have farmed in that area, between my grandfather and my dad and myself now, since 1923 when grandad started farming there—it appears to me, it appeared to us that those flood years very often were our best years as far as crop production is concerned. Do you find similarly in your area—

**Mr. Lasko:** No. We do not, because the way my property or our property is over there, it is a horseshoe. The river comes from the south. When it reaches the top of the land, when the water is high, it does not follow the riverbed; it comes across and it washes. We have had our land washed off. I would say three feet of the top soil has been taken off in the last three floods. That is how much soil erosion we had; that is why we have to leave all that land in bush.

**Mr. Chairman:** Thank you, Mr. Lasko. That leaves us with all the presentations today, except the two who did not show up, Mr. William Manchulenko and Mr. Philip Fontaine. What is the will of the committee here? Mr. Harper.

**Mr. Harper:** I am trying to get a hold of Mr. Fontaine, and I think there was some confusion in terms of trying to get to relate to Mr. Fontaine as to the presentation. I do not know whether he actually got the word or not. My recommendation would be to maybe hear him on Monday if he comes.

**Mr. Chairman:** Is it the will of the committee then to hear these two gentlemen on Monday at three o'clock if they are present? We need unanimous consent. Everybody agrees? (Agreed)

Committee rise.

**COMMITTEE ROSE AT:** 6:10 p.m.