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of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

MUNICIPAL AFFAIRS

31 Elizabeth II

Chairman
Mr. A. Anstett
Constituency of Springfield



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Second Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS

Tuesday, 25 January, 1983

TIME — 10:15 a.m.

LOCATION — Gilbert Plains, Manitoba

CHAIRMAN — Mr. Andy Anstett (Springfield)

ATTENDANCE — QUORUM - 6

Members of the Committee present:

Hon. Messrs. Adam, Bucklaschuk, Kostyra and Plohman

Messrs. Anstett, Ashton, Banman, Blake, Carroll, Driedger and Gourlay

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

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

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

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

WITNESSES: Mr. John Hyshka, Private Citizen

Mr. Ken Sigurdson, National Farmers Union, District 7

Mr. Art Morin, Private Citizen

Mr. Bob Forbes, Private Citizen

Mr. Russ Phillips, Reeve, Rural Municipality of Dauphin

Mr. Morris Mazurkewich, Rural Municipality of Gilbert Plains

Mr. Howard Wilson, Private Citizen

Mr. Alan Armstrong, Private Citizen

Mr. Adam Smith, Private Citizen

Mr. Doug Cowling, Private Citizen

MATTERS UNDER DISCUSSION:

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

* * * *

MR. CHAIRMAN: We have a quorum, gentlemen. Committee please come to order. I'd like to welcome everybody who is here today to the second meeting of the Standing Committee on Municipal Affairs to hear public input with regard to the Weir Committee Report.

Before we commence, I'd like to introduce the members of the committee - I think everyone is here now. Immediately on my left, the Honourable Pete Adam, Minister of Municipal Affairs. On the table at the left, the first member is Steve Ashton, the Member for Thompson; beside him the Honourable John

Plohman, Minister of Government Services and Member for Dauphin; beside John, the Honourable Eugene Kostyra, Minister of Urban Affairs and Member for Seven Oaks in the City of Winnipeg; beside Eugene, the Honourable John Bucklaschuk, Minister of Consumer Affairs and the Member for Gimli; and beside John, Henry Carroll, the Member for Brandon West.

On my right, the first member here is Mr. Albert Driedger, the Member for Emerson; beside Albert, Mr. Dave Blake, the Member for Minnedosa; beside Dave, Mr. Doug Gourlay, the Member for Swan River; and last but not least, Bob Banman, the Member for La Verendrye.

Also I believe we have another member in the audience. I saw him a few minutes ago, where did he disappear to? Away in the back is Wally McKenzie, the Member for Roblin-Russell. Welcome to the meeting, Wally.

The committee has been authorized —(Interjection)— my apologies. My name is Andy Anstett. I'm the Chairman of the Committee and I'm the Member for Springfield.

The committee's authority to hold these meetings is by virtue of a resolution of the Assembly passed last June. I'll read that resolution so you're familiar with our mandate.

It was moved by the Minister of Municipal Affairs, WHEREAS the report of the Manitoba Assessment Review Committee has made certain recommendations to the Government of Manitoba, and;

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

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

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

The format for our meeting will include a short statement by the Minister, followed by presentations by staff, both of the committee, the Manitoba Assessment Review Committee, and by the Municipal Affairs Department staff, who have done some analysis of that committee report. That analysis is based upon this green covered document called The Statistical Analysis of the Impact of Selected MARC (Weir) Recommendations". The Clerk has additional copies of that document, so that those of you who do not have it, will be able to get some today.

Without any further any introductory remarks, I'll call on the Honourable Pete Adam, Minister of Municipal Affairs to open the presentation portion of our meeting.

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

Members of the Standing Committee, Ladies and Gentlemen, it's a pleasure to see so many of you out today on this cold morning and it's a pleasure for us to be here in Gilbert Plains to meet with you and hear

your views on the Weir Report recommendations "A Fair Way to Share".

In April of this year I was pleased to receive the final report of the Manitoba Assessment Review Committee. This committee, chaired by Mr. Walter Weir, was appointed by Order-in-Council on July 25, 1979. The committee was directed to inquire into and report on all aspects of real property assessment in Manitoba. The committee's report entitled, "A Fair Way to Share," provides some 164 recommendations on suggested improvements to the assessment system in Manitoba. The volume of material contained in this final report is indicative of both the amount of work put into the study by Mr. Weir's committee and the scale of the problems facing the assessment system in Manitoba. In my opinion, two categories of action are required before decisions can be made regarding implementation of any of the assessment committee's recommendations.

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

I believe we are now at a point in time where our first course of action, that of the technical evaluation of the impact of the recommendation, has reached a stage where we can commence the second course of action, that of public consultation. I recently forwarded to all municipalities and school divisions and to all those individuals who have made submissions to the assessment review committee, a copy of a staff document providing a statistical analysis of the impact of implementing several of the major committee's recommendations. I have additional copies, Mr. Chairman, here today for those who did not receive one. They're sitting on that table over there. Some time ago I promised that I would be asking my fellow members of the Municipal Affairs Committee of the Legislature to take part in public meetings where we could receive your opinions on the assessment report. That is this report that was presented to me by Mr. Weir.

I am looking forward to hearing your views today and to reading your submissions on the report of the Manitoba Assessment Review Committee. I can assure you that your views will be given serious consideration and that as our research continues, and I might point out that we are still undertaking some studies in regards to the recommendations, but as our research continues, we will continue to welcome further advice on the

subject. At any time that you wish to send briefs to the committee at a later date you may do so by sending them to the Chairman of the Committee.

I want to point out how complex the situation is when you talk about assessment and property taxation. We tend to put the two together and they are very closely related, because when you deal with the one side, the assessment, it will have an impact on the other side, but the two functions are separate. The one is to do the assessment; that is one function, and when the assessor goes out to do an assessment on a piece of property, his responsibility is only to try and place a value on that property. It is not his role to be involved in taxation on property or what mill rate should be on property. That is another function; it's the function of the municipalities and the school boards and so on. We have to keep those two apart.

The terms of reference of this committee is to deal with the first part, and that is the assessment in the Province of Manitoba. We have no authority to deal with the other side. That is a local municipal matter and the amounts of imposition of taxes on property is based on the requirements of funds to provide services to the municipality as well as to provide funds for education. So our purpose here today is to try and deal with the report of the Assessment Review Committee.

We're not here to deal with this paper here that staff have provided. The reason that we have provided this, we have carried it one step further from the recommendations. The terms of reference in this report was also to deal only with assessment, not taxation; although they did move over slightly when they talked of portioning and also on the reduction in levies on small commercial businesses, but outside of that the entire report is dealing with assessment only.

We have compiled this information based on what is in this report and that is to assist you in forming opinions and making presentations in regard to this report. So with those few comments, Mr. Chairman, I would perhaps ask you to carry on with the meeting. Thank you very much.

MR. CHAIRMAN: The next item on our agenda is to have the Minister introduce his staff and then we'll call on the staff to make their presentations.

HON. A. ADAM: Mr. Chairman, with me today is some of my staff. On my immediate left is Gerry Forrest, my Deputy Minister; at the back table, the second gentlemen from the end of the table is Mr. Jake Reimer, our Provincial Assessor; and immediately next to him is Bob Brown. He is the co-ordinator of the information that you have in the green paper; and immediately next to Bob Brown, in addition to my staff, I am pleased to introduce Mr. Bob Clarkson at the end of the table. Mr. Clarkson served as secretary to the Manitoba Assessment Review Committee and is here today as a representative of that committee.

MR. CHAIRMAN: Thank you very much, Mr. Minister. Now I'd like to call on Mr. Bob Clarkson to give you an overview of what the Manitoba Assessment Review Committee did and what their major recommendations were.

Mr. Clarkson.

MR. B. CLARKSON: Thank you, Mr. Chairman, Members of the Committee, Ladies and Gentlemen. "A Fair Way to Share" - Report of the Manitoba Assessment Review Committee.

First, I would like to describe briefly the terms of reference that provided the mandate for the activities of the Assessment Review Committee. As the Minister stated, the committee was directed to inquire into and report on all aspects of real property assessment in Manitoba, including the level at which real property should be assessed in Manitoba. The question of exemptions from real property assessment, the administrative organization for carrying out real property assessment and such other matters might be referred to the committee by the Lieutenant-Governor-in-Council and the question of personal property assessment.

Again, like the Minister, I wish to emphasize that the task assigned to the committee did not include any mention of taxes. The committee's task was not to find new sources of tax revenues or to comment on the appropriateness of existing taxes or tax levels, but rather to recommend an assessment base which could be used in an appropriate manner to share and collect the taxes required. Additional research and activities of the Assessment Review Committee were undertaken to accomplish two things. First, to analyze the existing assessment levels and the existing legislations and results that will occur if the assessment was brought up-to-date in accordance with existing legislative requirements.

This analysis showed that an updating of the assessment would result in dramatic shifts in the share of total assessment that various types of property would carry and would therefore result in significant changes in tax distribution. Updating of assessment in the province would result in a 63 percent increase in taxes paid by the farm category, a 5.6 percent increase for single family residential property, a 41.2 percent decrease for multiple residential property, and a 12.2 decrease for commercial and industrial property.

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

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

The second matter that it was hoped would be accomplished by the initial research and activities of the committee was to obtain suggestions and statements of concerns from others. It came forcibly to the attention of the Review Committee as a result that very few people had any understanding of the assessment process or even in fact as to how their own property was assessed.

The 164 recommendations made by the Review Committee all relate to a concept and basic principles

adopted by the committee as a result of their many meetings with provincial officials in Manitoba, with municipal councillors, as well as meetings with officials in Alberta, British Columbia, Saskatchewan and Ontario, and submissions received at public hearings. These discussions and submissions convinced the committee that the assessment process must, if it is to be fair and acceptable, become a system which the public understands and into which the public can have a significant input in order to ensure its accuracy and acceptance.

It is the opinion of the Review Committee that the assessment system must involve:

First, the valuation of all property in the province, valuation that is maintained in such a manner as to be understood by the public and subject to a knowledgeable public scrutiny and review;

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

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

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

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

One of the statements that was put forward many times in discussions with the committee was that a house is a house is a house. That is to say, it doesn't matter where they are located or what form they take, if they are providing residential accommodation, they should all be subject to the same treatment for assessment purposes. If the accommodation is worth, say, \$50,000 where it sits and in the form it is built, it should not matter whether it is on a farm, in a village, town or city, or whether it is a single-detached, semi-detached, or part of a high rise complex. It should be assessed the same.

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

Present assessment legislation provides that land should be assessed at its value and buildings at two-thirds of their value. This, in effect, means that an exemption of one-third of their value is to be provided for all assessed buildings. The committee's review of assessment history indicated that this one-third exemption was introduced and it appears was related

to the full exemption of all farm buildings from assessment and taxation. This exemption of farm buildings has, because of the changes in farming methods and practices, resulted in some of the greatest inequities within the assessment system - not inequities between urban residents and farm residents - but among the farm residents themselves.

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

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

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

The process envisioned by the recommendations is designed to provide the flexibility required to meet changing economic conditions, with the expectation that this system would improve and get better with age, rather than deteriorate with age. If the existing system had not deteriorated, we would not be here today.

There are two other recommendations which I believe warrant specific mention at this time. The first recommendation is No. III-C-7 and I quote, "Provision should be made for the sharing of that portion of the Education Support Program levy that is required to be raised from the commercial and industrial class of property in such a manner as to reduce the amount to be raised on a portion of the valuation of all such properties. The levy should be increased on the balance of the valuations in order not to reduce the total funds raised from the commercial and industrial classifications.

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

As the Education Support levy is raised from property over the whole province, the benefit to small businesses

would be shared by large businesses throughout the province, while reductions of close to 50 percent could occur as a result in the Education Support Program levy on small businesses, the increase applicable to, say, a \$5 million business premise would amount to only 6.5 percent. This calculation is contained in Schedule IV of the Assessment Review Committee Report. The figures are based on 1981 Education Support Program levies.

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

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

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

Thank you, Mr. Chairman.

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

I'd now like to call on Mr. Bob Brown, a gentleman in the Municipal Affairs Department responsible for preparing the Statistical Impact Analysis. After Mr. Brown is finished, we'll have a question and answer period and you may direct questions to both Mr. Brown and Mr. Clarkson, so we'll be able to review both of their presentations and ask questions about both the Statistical Analysis and the Weir Report.

Before Mr. Brown begins though, both the Clerk and I think the Deputy Minister has additional copies of the Statistical Impact Analysis, if there's anyone who didn't pick one up as they came in. If you'd like one, please put up your hand and they'll drop one into it.

Mr. Bob Brown.

MR. B. BROWN: Thank you, Mr. Chairman. I'm sure, in looking at the Weir Report, most of us have some difficulty in understanding what it would mean in terms of the impact on our own assessment, our own taxes and in the Municipal Affairs evaluation of the report. We've attempted to show some of these results in the green book that's just been passed around. Although there are 100-and-some recommendations in the Weir Report, a lot of them deal with procedural matters which

won't have the overall impact on your assessment. They'll deal with matters of what sort of information goes on your assessment notice, how appeals procedures are going to be handled.

There are three or four major recommendations though that we think will impact on all Manitoba property owners and it is those that we've tried to test and measure what the impact might be. The first recommendation that we took into account had to do with the idea of valuation. The Weir Report recommended that moving towards valuation, which is virtually market level type of assessment, would be the first major step towards removing inequities in the assessment system. It was also felt to be a major step in making the assessment system understandable to the public in that the assessment number you would see on your assessment roll would be something that you could identify with as a true value of your property, rather than only a small fraction of that value as currently is on the roll.

The second recommendation we took into account was the concept of portioning recommended by the committee. As Mr. Clarkson indicated, if you move strictly towards market level, there would be a huge shift in the ratio of assessment with it becoming considerably heavier on the farm classification than currently exists. The Weir Report, therefore, recommended that certain portions of true market value be used for assessment and taxation purposes. We've incorporated that into our own modelling exercise.

The third major area of recommendation we've tested has to do with the removal of the exemption on farm residences and a partial removal on farm outbuildings. The report recommended that all residences be fully assessed and taxed regardless of the nature of the occupation of the owner. In terms of outbuildings, it was recommended that all farm outbuildings become assessable and taxable, minus an exemption that would be equivalent to the value of the parcel of land that the outbuilding is set upon. So if your outbuilding is set on a quarter section, you would have an exemption equivalent to the value of that quarter section. If they happen to be set upon a 10-acre parcel, it would be equivalent to the value of that 10-acre parcel.

The fourth recommendation we built into the model had to do with the taxation levels on businesses. It was recommended that the portion of the building assessment on businesses - and it was suggested that perhaps something like the first \$50,000 of value of the building be taxed for Education Support levy purposes at the residential rate with the balance taxed at the commercial rate. I might mention we had a bit of difficulty in testing this recommendation because to do it totally fairly you need the updated assessment as per the report for all of Manitoba. That wasn't available to us. All we could do was produce it within our own sample areas and I might indicate, therefore, that the statistics you see in the green book in front of you, the effect of it is to provide a pretty accurate picture of the effect of that recommendation on small businesses, but to over-exaggerate the amount of taxes that would be passed on to the larger businesses.

Those were the recommendations we have tested. The manner in which we tested it was to work with the local assessment offices of our department, to work with the Municipal Services Branch where we could

use the computer facilities. We selected four sample areas. They included the Hanover School Division, the Antler River School Division, the Intermountain School Division and the St. James-Assiniboia School Division.

Before I go further I should say that, although the green book identifies that the Intermountain material is attached, it wasn't totally finished at the time we mailed out the green document, but we have copies of it here today, as well. I think the Clerk has ample xerox copies of the same style of information you received but for this local area, the Intermountain area.— (Interjection)— Okay, maybe they have already been put in your yearbook then.

The choice of those sample areas was based on two factors. One, we thought that the four areas represented a pretty good cross-section of the land use types in Manitoba: grain farming areas, livestock-intensive areas, the Intermountain area and the urban area of St. James-Assiniboia.

The second major point had to do with the availability of data. The Assessment Branch had on record, particularly in the Hanover School Division, the value of farm residences and farm outbuildings and therefore we didn't need to do the field work required to get a full idea of the value of bringing those properties on. Field work was required, I might mention, in Intermountain and Antler River.

With that as background I'd just like to run through the methodology that produced the numbers you can see for yourself in the book. It's very straightforward, but it takes a fair bit of time.

Step No. 1 in the exercise is to simply produce the 1982 existing assessment roll.

Step No. 2 is to take that existing information and add onto it those recommendations of the Weir Committee that affect the type of properties that would be assessed. That step primarily consists of adding on the farm residences and adding on the farm outbuildings to the existing information. The farm outbuildings are added on, minus the exemption that I mentioned before.

Step No. 3 is to take that new combined assessment roll and bring it up to 1979-80 levels of value. Again, the Weir Report provides a methodology by how you would do that, and it's suggested that you use the past two years sales data, combined with the assessors' opinions of value, and with the help of the Assessment Branch, factors were developed to multiply the existing values up to what was considered 1979-80 levels of full value.

Step No. 4, and I mentioned the idea of portioning. The Weir Committee attempted to determine what portions of true value of farm, residential and other property would be required to maintain the same ratio of assessment between those classes of property that currently exists. Information available to them produced the information that 8 percent of the total market value of farm property at the 1979-80 level, 15 percent of the residential value, and 16 percent of the commercial value would produce, by their estimate, what would be the equivalent ratio as you now have. In other words, no class of property was to be expected to provide more of the assessment base and thereby taxation than currently exist. Those were therefore the figures that we built into our modelling exercise.

The next step in the little process was to obtain the '82 budgets of the municipalities within the sample areas

of the school divisions that were sampled and of the 1982 Education Support Program. That included taking into account the new assessments from each of the sample areas as compared to a provincial total so that we could calculate the new portion of the Education Support levy that they'd be required to contribute.

Approaching the final step, we were then able to calculate the mill rates that would be required to raise the amount of money needed by the municipality, the school division and the Education Support Program, the mill rate that would be required to be multiplied against the new assessment base to produce the amount of money needed.

The final step then was simply to select from the new assessment rolls individual sample properties against which we could apply the new mill rates, and again with the assistance of local assessment offices, we attempted to pick a couple of residential properties, a variety of farm-type properties, and some commercial properties within each of the sample areas.

I should mention that the information we had at the time only allowed us to do it by individual roll numbers, so where you see farm properties in particular, if it says vacant farmland, what that really means is that it's farmland that doesn't have any buildings on it. It doesn't have a residence or outbuildings on it. It's probably cultivated and being farmed but has no buildings on it. The ones that are identified as grain farm or hog farm, they would be the home parcel in most cases and would include the residence and any outbuildings that might exist on them. It is not the entire farm unit, and in most cases they're quarter sections of land.

I think, Mr. Chairman, that's all I would mention, unless there are questions.

MR. CHAIRMAN: Thank you very much, Mr. Brown. Our procedure for questions, so that we can have a complete transcript record, will be to ask you to come to the microphone at the other end of the committee table - don't all rush to be there at once, we've got lots of time set aside for questions - and we'd ask you to identify yourself, give your name, so that the recorder will have your name in the transcript and we'll know who is asking the questions.

So I'll throw the floor open now for questions to either Mr. Brown with regard to the Statistical Analysis and what's been done in this booklet, or to Mr. Clarkson about the Weir Report itself.

Mr. Driedger had indicated he'd like to ask a question to start it off.

Mr. Driedger.

MR. A. DRIEDGER: Mr. Brown, just for further clarification on Page 26 of the green report where you used as sample cases of mixed farm, hog farm and dairy farm, you've indicated that the average parcel of land involved in a hog operation or a dairy operation is approximately 160 acres. Am I correct in that?

MR. B. BROWN: That's not correct in the case of the hog farm or dairy farm you mention there. The vacant farm parcels happen to be around 160 acres. Most of them are quarter sections. In those two specific ones you just mentioned, that hog farm is situated on about five acres of land and the dairy farm is on 72 acres, to be exact.

MR. A. DRIEDGER: Mr. Brown, on the mixed farm end of it, could you maybe, just so that we have a better understanding of the sample case that you are using, so that individuals can relate to how it would affect them, could you give us an indication what is involved in the mixed farm in terms of outbuildings and acreage?

MR. B. BROWN: The particular mixed farm that's in the sample here involved land with an assessment. I'll give it to you at the portioned level which would be the level recommended for taxation. The land parcel of 158 acres was at apportioned assessment of \$7,500.00. It has a residence on it that would become taxable, the portioned value of that residence is, I'm approximating here, but it's \$9,700.00. The full value of the residence, for instance, is \$65,000.00. There would be no farm outbuildings that would become taxable on this particular mixed farm. The exemption would have rolled them out, so you then end up with the total assessment as mentioned. The taxes come out to \$1,703.00.

MR. A. DRIEDGER: Mr. Chairman, a further question to Mr. Brown, then, would it be possible to - we've used samples here roughly - maybe get information out to the municipalities so the councils could look at the impact on a specific case. You have used specific cases and that would help so that they could relate it to what it will do to their property.

MR. B. BROWN: As Mr. Adam indicated, the work is still going on. One of the items we were trying to do now and it requires a fair bit of manual work is to get the sample expanded to include the whole farm unit rather than just an individual parcel. That's the sort of work we're engaged in now of trying to pull out from the assessment roll all of the information that occurs under an individual farmer's name, John Doe, and then try to pick up each of the parcels. It has to be done manually and it requires a bit of checking with the local offices to determine whether J. Doe or Mrs. J. Doe and Mr. J. Doe, and so on, are all the same individual. We would hope to have that information.

MR. A. DRIEDGER: So, Mr. Brown, you're indicating that specific information on roll numbers won't be available for sample cases so that they could relate to their own situation in terms of the impact it would have once it has been completed?

MR. B. BROWN: We're trying to produce that sort of information for each of the sample areas.

MR. A. DRIEDGER: The reason I raise that is because when you use generalities like this it's very difficult for an individual to find out the impact it will have on him and, if these individual samples could be forwarded to councils, it would make it a lot easier to understand exactly the impact that it will have on each individual.

MR. B. BROWN: Yes, it certainly is. That is the state of the information we had at the time that we wanted to get this information out. I might add just as an interim measure, maybe what an individual could do is to take the first, if you want to stick on that page you're talking

about, Page 26, and the individual happened to live in an area similar to the Hanover area that's being tested here, you could indicate for instance, that the trend on a vacant quarter section of land was to see a reduction in taxes of the order that's mentioned in that item. The individual, therefore, that had a residence that became taxable might be able to get some idea of the impact on his total unit by looking at that individual quarter and multiplying it by the number of quarters that might be involved in his farm operation. Then presumably one would look at either the Antler River or the Hanover or the Intermountain, whichever area came closest to the nature of the area within which he lives.

I should caution on that, there is no such thing as a typical farm unit or a typical area. The local special improvement levies and so on will all come into play here, so you can't translate it very directly, and even if we produce additional detailed information, all you can do is get a general idea of the trend that the impact of these recommendations would have.

MR. A. DRIEDGER: I understand Mr. Brown. I just felt that by having some of the actual sample cases available some time in the future, once this is done, it would help create a better understanding. For example, on a dairy farm you could have three or four silos on there, you could have no silos, there's many things related; but if there was a breakdown of these things then a person at least could have a better idea how it would affect each individual.

Thank you.

MR. CHAIRMAN: Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, Mr. Clarkson stated on Page 5 of his introductory statement that the Weir recommendations were not designed to transfer any tax load onto the farm classification from the residential and other classifications, but rather to remove existing inequities within the classifications.

It's very difficult in this discussion, of course, to separate taxation and assessment and I think this is a case where we draw them both together. I just want to ask Mr. Clarkson to reconcile that, if he could, and explain that statement in view of the statistical analysis that the people here would have for the Intermountain School Division. Under the Town of Grandview and the R.M. of Grandview there is a significant shift shown through taxation at either full valuation or by the use of portioning, there is a significant shift in all categories away from the Town of Grandview, from residential and commercial property of all kinds in every classification, to farms, hog farm mentioned, grain farm, two examples of grain farms, there's a significant shift. It's only in the vacant farmland that there's a slight decrease in the taxes that they would pay by using portioning, all the other farms would pay more.

So that would mean, according to this statistical analysis and through the use of portioning that was recommended by the Weir Committee, that there is a shift between classifications from residential and commercial onto the farm classification and I wonder whether you could give some observations on that.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Thank you, Mr. Chairman. Certainly the intent of the Weir recommendations are to ensure that there would be no shift in taxation; that the opportunity is there to provide a shift if desired, but the intent of the recommendations is to reach a situation, at least on the introduction of the recommendations, that there would be no shift from one class of property to another class of property.

When we make that statement we're talking about over the province as a whole and one of the difficulties in doing that is that there is inequities existing at the moment within each class of property and depending on what the nature of those inequities are in each area, and within each municipality, the effect of the recommendation will have a different effect in each municipality.

Some farmers, no question, will probably pay more taxes under these recommendations. The intent of the recommendation is though, that for every dollar more paid by one farmer, it will be a reduction off the taxes of another farmer, similar in the residential category. If more taxes are paid by some homeowners, it will be a reduction off the taxes of other homeowners. That's the intent of the recommendation.

If the portion is utilized - in this case, the department in preparing the green book had no choice because they don't have figures for the whole province at 1982 level of value and they didn't have all the statistics that would be necessary - they had no choice but to fall back and utilize the portions that we used in our report - the 8, 15 and 16 percent. Now, on the actual implementation of those recommendations, and once you know what your full values are of all property in the province, it might and probably will be necessary to adjust those percentages to some extent. You may have to use 7.75 percent or 7 percent. You may have to use 16 percent for residential and 18 for the other category in order to achieve the equity and maintain the existing distribution that is recommended by the report.

Those figures, the methods they were calculated, are illustrated in the report. If I recollect right, the actual calculations for farms, for instance, came out to 7.78 percent and it was rounded by the committee to 8 percent. That will cause some of the problems.

Another problem that is illustrated very definitively in the green report is the cost or the tax load that is assigned to farm residences. That has not been adjusted and at the moment amounts to an extra levy on the farm within this report in this analysis. In the actual implementation of the Assessment Review Committee Report, an adjustment would have to be made because the farmer is now paying on his residence, he's now paying on his land as well under the recommendation, and an adjustment would have to be made to shift that tax load off the farm category because it's not the intent to pick up that additional tax dollar from the farmer because of his residence being taxed in the farm category. But again, I repeat, it will vary from farm to farm; it'll vary from municipality to municipality.

In achieving the equity that the committee recommended, it's an equity over the province as a whole that is targeted for, and it may result in some disruptions within each individual municipality.

Thank you.

MR. CHAIRMAN: Thank you, Mr. Clarkson.
Mr. Plohman.

HON. J. PLOHMAN: Just to follow up on that then, was it the recommendation of the Weir Committee that those percentages used for portioning would be consistent throughout the province, or could they vary within the municipalities to be sure that there would not be a shift from residential on to farm property, or as an example, in order to achieve an equality between the various classifications in order not to be a shift from one classification to another within a municipality? Was it the recommendation then that these portioning percentages could vary?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: The review committee recommends that the portions be standardized and established by the Provincial Government and be effective throughout the province as a whole. The committee did, however, also recommend that any increases in taxes that result from the implementation of the recommendations be phased in over a five-year period, with any decreases being put into effect immediately. This would have some sharing effect within each municipality and within each school division.

HON. J. PLOHMAN: Mr. Chairman, would the Weir Commission acknowledge then that there could conceivably be shifts from classification to classification in individual municipalities, even though there wouldn't be in the province as a whole?

MR. B. CLARKSON: Yes, there definitely could be. But I try to point out that the reason that there will be those shifts is not because the Weir recommendations create inequities, but because the existing inequities that are there now are being removed by the recommendations.

MR. CHAIRMAN: Mr. Bucklaschuk.

HON. J. BUCKLASCHUK: I'd like to address my question to Mr. Brown. On the information that's provided for the intermountain model I notice that there is no example of a mixed farm, but you did make reference to the R.M. of Hanover where we have a mixed farm situation. While I can appreciate that there is no change in classification, that is, let's say, in the assessment as far as farms are concerned, would it be correct to say that there would be a shift from, let's say, those parts of Manitoba that have larger landholdings to those areas that have - I'm looking at three or four section grain farmers as compared to a half section, three-quarter section mixed farming operation. That's my question.

MR. CHAIRMAN: Mr. Brown.

MR. B. BROWN: Yes, Mr. Bucklaschuk, I think that probably would be accurate from the information we have to date and the reason, I believe, would be traced to the province-wide Education Support levy and would be the main reason behind that. The contribution from any given area is based on their share of the total

provincial equalized assessment. So in those areas where you have livestock-intensive farms, and thereby considerable investment in outbuildings, you would have a considerable increase in the local assessment base.

I might indicate the Hanover example that Mr. Driedger mentioned. That dairy farm, I believe, had \$800,000 worth of outbuildings on the property and it would be added to the assessment base for the first time. To the extent any given area in the province had a fairly high proportion of building intensive farms, their assessment base would increase considerably more than would an area that had grain farms predominantly. Therefore, the first area's share of the total provincial equalized assessment would increase and the contribution to that program would increase from that area. It might not increase from any given farmer in that area unless he also had the building intensive operation, but the contribution from the area as a whole, from the municipality, might increase.

HON. J. BUCKLASCHUK: Just a further question on that and getting back to this mixed farm example in Page 26. The increase, I guess I'm looking at taxation now, but you did introduce the education levy, on the mixed farm is something like 76 percent. Would that be wholly or to a major part attributable to the education levy?

MR. B. BROWN: In the case of the total taxes there, the individual in this case also has a residence that's brought on to the tax roll for the first time. I think, as I mentioned in that particular example, any outbuildings that were included in that mixed farm were already exempted by the value of the parcel they sat on. So in that particular example, really, the tax increase is primarily from the residence that was brought on the tax rolls. In the other examples of the hog farm or dairy farm, you would have outbuildings being brought on that would contribute to the increase.

MR. CHAIRMAN: Thank you. Members of the audience, the purpose of the presentations was to attempt to help everyone have a better understanding of both the Weir Report and the departmental analysis. It was intended to help explain that report. Are there any questions from the audience on the matter of assessment either with regard to the Weir Report or the statistical analysis?

The members have helped you out by asking a few questions to start, please don't be bashful. We had an hour's worth of questions yesterday in Souris. Could you identify yourself first, sir?

MR. B. FORBES: Mr. Chairman, I'm Bob Forbes, I'm a farmer. I stand to be corrected here, but I believe the assessment of land was at price, and if that is correct I would like to say that I would favour the idea of the assessment of land as it is at the present time, which is productivity, and take the production of that land from our Manitoba Crop Insurance Corporation.

MR. CHAIRMAN: Mr. Forbes, do you have questions for Mr. Brown or Mr. Clarkson?

MR. B. FORBES: Mr. Clarkson, sorry, about that.

MR. CHAIRMAN: The purpose of this is questions rather than argument. You'll have a chance when we finish the question period to make arguments, to make a formal presentation arguing that we should be doing one thing or the other.

MR. B. FORBES: What I'd like to know, was the report considering other factors than just the price of land?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: The committee felt that there had to be a common denominator utilized throughout the whole province for all types of property in order to achieve the equity and the fairness that is desired by the report. The only common denominator that the committee was able to come up with that they felt could be used consistently throughout the whole province, regardless of where the property was situated and what the type of property it was, was the actual true market value of that property, because that is the one thing that does reflect local circumstances, local conditions, and does vary from time to time as values change. It is also a valuation that is understood by the people. Productivity is a part, there's no question about it, productivity is a major factor over the long run in establishing whatever value is placed on land. It is one of the factors that has to be considered. There are others as well, but it's certainly a very major portion of the consideration in establishing what market value is.

MR. B. FORBES: Would you rather I withheld any comments on that till later or could I make them . . .

MR. CHAIRMAN: If you plan to make a presentation, we can add your name to the list. The purpose of this is questions on the report and the analysis for clarification to make sure everyone understands it.

Another question, go ahead, Mr. Forbes.

MR. B. FORBES: Was there any consideration given while assessing the land? Again, this might be relating back to the - anyway, I'll go on. If you wish to stop me, I'll bring it up at a later time if this is not the proper time.

Was there any consideration given in this report to the conservation of land during the assessment period? I'm referring to land that is still in its natural state. Should it not be assessed so that it would not come into a taxation field, it would make it advisable for the owner to break it up? Low-lying land that's currently in sloughs is being taxed under the present system which, to me, is wrong; it should be receiving a municipal grant, not a taxation.

MR. B. CLARKSON: Yes, that problem was certainly brought very forcefully to the attention of the committee and was one of the major considerations that resulted in the committee's recommendation that on your assessment notice a detailed breakdown be provided of the nature, quality and quantity of land that is there within that parcel. At the moment, you receive an assessment notice for your quarter section, say, you

have no idea whether that is a single value placed on the whole quarter or whether it is made up of valuations placed on the land in accordance with the condition of that land. Although the assessor does have that breakdown and will provide it to you if you ask for it, it is not brought to you on a notice form. The committee recommended that those details be placed on the assessment notice so that an individual is shown that low-lying land, that swampland, etc., is assessed extremely low and doesn't believe the implications that look, I'm paying just as much per acre on that as I am on good productive land and therefore I should break it up and use it, too. The committee was very conscious that that was the major reason for that recommendation.

MR. CHAIRMAN: A further question, Mr. Forbes?

MR. B. FORBES: Yes, but again I'm not sure if the timing is proper. I would like to . . .

MR. CHAIRMAN: If it's a question with regard to the report, it's proper. If you want to argue that we should be doing something in particular or something different, then that should be in your presentation.

MR. B. FORBES: Okay, I think I'll wait for my argument time. Time in the game then.

MR. CHAIRMAN: Okay. Your name isn't on the list, sir. I'll add it on. Your first name? —(Interjection)— Mr. Bob Forbes. Okay.

There was another questioner behind you. Would you come forward please, sir. Go ahead, Mr. Phillips.

MR. R. PHILLIPS: Russ Phillips, Reeve of the R.M. of Dauphin. I hope you'll apologize for me wearing my coat, but we live a long way south and it's a lot warmer there than it is here.

I was wondering, Mr. Chairman, I do have a brief to give later on behalf of Art Rampton who couldn't be here today and he asked me to deliver the brief and also a brief on behalf - just a worded brief, not a written one - from the R.M. of Dauphin, and I'd like to have my name put down for those later on.

I have a question that relates to the concern of the Weir Commission to make the taxation system equal all over the province. Is this necessary only because of the school tax or are there other reasons why it must be from one municipality to another exactly the same? Because as far as the municipality would seem to be concerned, as long as all the properties within a given municipality were taxed equally or assessed equally, I should say, there would be no problem what happened in the next one, other than where we run into school districts. Is this true?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: That is the major reason. Certainly within a municipal boundary, and when the existing system was introduced there was no concern about equity from one municipality to another. For the small amount of use that was made, like the levy from the Department of Municipal Affairs for the cost of assessment, etc., the small amounts, this could be

adequately looked after through the equalization process; but now you have such a large magnitude of taxation that crosses municipal boundaries that the committee felt it was absolutely essential that you have equity throughout the province.

In Dauphin, you only have one other municipality to worry about as far as school divisions are concerned, two municipalities really, so you don't have quite the problem that the situation is where some school divisions include parts of up to 24 different municipalities, where there has to be equity within those 24 municipalities, and they're all so interlocked that - there's only one municipality, in fact, in the whole province that has coterminous school division and municipal boundaries - that's the City of Thompson.

MR. R. PHILLIPS: Just one more question. If school tax was removed from real property, then this would not be necessary. Is this . . .

MR. B. CLARKSON: If school tax was completely removed from real property, then certainly the matter of equity could be limited within municipal boundaries. The only other places you would have concerns is where you are sharing hospital costs, community facilities, rinks, vets' clinics. There's an amountable number of other small users of the system that you'd have to give consideration to.

MR. R. PHILLIPS: That was my only question.

MR. CHAIRMAN: Thank you very much, Mr. Phillips. Anyone else with a question for our staff people? Would you come forward, please?

MR. J. HYSHKA: Yes, my name is John Hyshka and you mentioned the value of property in the cities and the country. Have you considered that it costs about \$15,000 more to build a house in the country than it does in the city?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: Yes, that's one of the real problems in doing your assessment on the basis of replacement costs, and this is why the committee recommends that valuation that should be placed on buildings is really the amount by which that particular building increases the value of the land on which it sits. The building must be valued in its location, in its circumstances. This is why I point out you could very easily spend \$100,000 building a house, a large four-bedroom, split-level house on a farm. The minute it is built, its market value may be in the neighbourhood of \$25,000 or \$50,000 because of its location, and what the assessment should be based on is its actual value in the marketplace, not its cost.

MR. J. HYSHKA: Yes, I just completed building a house in the country. It's only a one-bedroom house and it did cost me \$15,000 more than I would have paid in town. You try and get any assistance from . . .

MR. CHAIRMAN: Do you have a question for our staff people? I know you're on the list to make a presentation,

so we can hear your arguments when you make your presentation, but do you have further questions for staff?

Mr. Banman.

MR. R. BANMAN: I guess maybe just for further clarification, I think the point he's trying to raise is that if we do go to full value assessment, will the farmer whose house might have cost him more, but for resale value might be much less than in the city, what will the valuation be? I think what Mr. Clarkson is saying, if somebody builds a house in a town somewhere and spends \$50,000 on it - it might be valued at \$50,000 - you might spend \$65,000 on that house, but because of the location it might only be valued at resale value of \$25,000, so that you will not be penalized on that particular basis. In other words, if the value of that property, the resale value is less than in the city, that's what it would be evaluated at.

MR. J. HYSHKA: Yes, and have you considered the cost for our shopping and all that? For instance, it could cost me \$5 to go and pick up a quart of milk because I live 23 miles out of town.

MR. B. CLARKSON: I would suggest that all those type of costs to an individual are reflected in what that individual would be prepared, or any other individual would be prepared, to buy and locate on that particular site. Those are the considerations that the marketplace takes in and are utilized in deciding what that person is willing to pay. So I would suggest that all those type of things by a conscientious and knowledgeable buyer are all considered before he makes his offer to purchase.

MR. J. HYSHKA: Do you consider I should be penalized because I live in the country instead of a city?

MR. B. CLARKSON: Not one bit.

MR. J. HYSHKA: It seems that way to me.

MR. B. CLARKSON: No, I'm suggesting that because of your location, the value of your property is reduced. If there are locational factors that reduce the value of that property from an equivalent house sitting in the city or in a town, then that would be reflected in the valuation of that property and you would benefit by that reduction.

MR. J. HYSHKA: Okay, thank you.

MR. CHAIRMAN: Thank you, Mr. Hyshka. Further questions for staff. Yes sir, please come forward.

MR. D. COWLING: Doug Cowling, I'm a farmer from Grandview.

I'd like to pursue just a little bit further the line of questioning that Mr. Hyshka was trying to pursue. What I'd like to get at is the mechanics of how you arrive at the value of the farm residence. As a farmer I have to try to do that quite often and I know how difficult it is in preparing net worth statements and whatever.

I know what it cost me to build the house - that's no problem - I can figure that out pretty quickly. What I have to, for a reasonable net worth statement though, is come up with what I could get out of that house if I had to unload it or if somebody who's using that asset as securing a loan, how much he could get out of it if he had to unload it in order to get his money back.

I'm wondering what kinds of formula that the people used who came up with these models? Where they were clearly putting a value on a residence, how did they do that? They clearly couldn't have auctioned the property to see what would happen, so they must have had some rules of thumb and I'm wondering what they are.

MR. CHAIRMAN: Perhaps I should ask Bob Brown to answer that because he was involved in putting the values on and then working through the formula.

MR. B. BROWN: I'm not sure if I should thank you for that or not, Mr. Chairman. I would really prefer to pass it on to the expert on assessment and that would be Mr. Reimer. Jake Reimer is the best one to explain how a value of any property is placed.

MR. CHAIRMAN: That's certainly in order. Mr. Reimer, could you come forward please. Did you hear the question, Mr. Reimer? Or we can have Mr. Cowling repeat it.

MR. J. REIMER: Yes, unfortunately I did. I, too, would wish to pass on my thanks.

It's not a simple matter, Mr. Cowling. However, the assessor in arriving at a value of, say, buildings on a farm site, really has to go to the marketplace and if the marketplace indicates that buildings do command a certain price in the market, that is really his guide. So what he has to do is determine what the price is that the public will pay, say, for a farm site which has buildings on it as compared to another farm site that has no buildings on it. If you find that there is little difference in value, then the conclusion he has to draw is that there is very little value associated with those buildings.

Now you will find that in this report there have been certain multiplier factors developed to indicate what the price in the marketplace is and you will find that if you are taking the existing assessments and bringing them up to a more or less current market value, you will find that farmland, for instance, you have to use a multiplier of about 10. That will bring them up to a current price structure. However, when you're looking at buildings, the multiplier is a good deal less.

On Page 11 of this green book, you'll find that, for instance, in Antler River, which is strictly a farming community - primarily grain farming - you will find that farmland, to bring them up to a market value level you have to use a multiplier of 10.42. When you're going to residential land, then the multiplier is 3. In other words, the assessments now in Antler River, farmland is assessed at about 10 percent of its market value; residential land is assessed at about 33 percent of its market value; buildings, residences and other buildings, they too are assessed at about 30 percent. In other words, the market indicates that they are worth only

three times as much as the assessment is, while land itself is worth 10 times as much. Now that's what the market tells the assessor and that's what he relies upon.

MR. CHAIRMAN: Mr. Cowling.

MR. D. COWLING: When I asked the question, I realized it was a difficult one to answer. You know, if I can't myself say what the market value of my house is, I really have trouble figuring out how somebody else is going to do it, and I really can't put that price on it. The only way I can do it is to sell it.

Now to give you kind of an example, I've always said to . . .

MR. CHAIRMAN: Mr. Cowling, do you have another question or is this an argument?

MR. D. COWLING: No, it isn't. I'm just trying to get out the mechanics of how this is going to be done.

When I try to put a value on it myself, I say to myself, if I'm going to get a real dollar value out of the buildings that I've got situated on that piece of property, then I have to have a land base on which that thing is situated so that it's a viable operation, so that I can sell it as a whole unit to somebody who will come in and need those buildings and pay for them. If, when I go to sell it, I can't do that and I have to split the property up into pieces and distribute it among my existing neighbours, and they've already got a house and granaries and goodness knows whatever else, and they're just picking up little pieces of my property, they don't want my house, and they aren't going to pay me anything for it. So I know you can't really answer that question, but I know it's a tough one and one that people who are going to address this problem have got to in some way come to grips with.

MR. CHAIRMAN: Well perhaps, Mr. Cowling, Mr. Reimer can answer what appears to be the question. I think what you're asking there is, what is the value of that house in that situation where there is a buyer only for the residential site and not for the land. That's really your question, I think. Am I putting words in your mouth? Are we just talking - do you want to know how the value is obtained for just the house if it were separated from the land? Is that your question?

MR. D. COWLING: Yeah, I'm adding to it. I'm wondering how somebody else is going to put a value on that house when I can't even put a value on it myself.

MR. CHAIRMAN: Well, maybe Mr. Reimer can help you.
Mr. Reimer.

MR. J. REIMER: Of course, the assessor then would be required to search other areas, say, in the municipality or in the surrounding municipalities, to determine what other properties have sold for, while yours may not have sold for, but there would likely be others that have certain similarities to your situation. That's how the assessor really arrived at these multiplier factors. He found that farm buildings really hadn't increased nearly as much in value as the land base

itself had, and one of the reasons, of course, is that while farm units have sold, they have increased in size, making many of the farm buildings that are there largely useless, you might say, because the new buyer didn't want them, so they didn't command much of a price or any at all. This is the reason why the buildings really haven't seen much of an increase in value nearly as much as the land has, but really the assessor's job to find that value is to search through the marketplace and determine what other properties, similar in characteristics to yours, have sold for and that's really how he arrives at a formula.

MR. D. COWLING: You would agree with me though that it's a tough job.

MR. CHAIRMAN: Mr. Cowling, in addition, Mr. Clarkson can give you a perspective on what the Weir Report had in mind when they were talking about full value on farm homes.

MR. B. CLARKSON: One of the reasons for the, again, for support of the recommendation that there be equity throughout the province was that under existing legislation it requires that there be comparability within the municipality, and the assessor technically only has to ensure that there is comparability within a municipality, and if you are appealing your assessment, you can only use comparables within your own municipality. That's the existing law.

In expanding to a situation where you have equity throughout the province, that expands the base on which you can utilize for your comparables, both in arriving at the assessment from valuation by the assessor and for the individual in appealing his assessment. That's one of the reasons for the expansion of that base by the committee, is in order to get the data base background that will be required to provide those type of valuations.

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

MR. D. COWLING: Not on this; I think I've gone as far with that as we're likely to go at this time.

MR. CHAIRMAN: Okay. But further questions on the report or the analysis? Go ahead please.

MR. D. COWLING: A couple of others. I'm referring now to the assessing of outbuildings. I'm wondering if either the committee or the people who did the analysis appreciated a kind of inequity that can develop where you assess the outbuildings and then subtract the assessed value of the piece of property it's sitting on. To give you the kind of example that I'm thinking about, you could conceivably have two grain farmers with virtually identical land bases, virtually identical equipment inventories and whatever, even virtually identical building investments. The one, on one hand, would have his home base on a quarter section; that's the legal description of that unit. The other might have his buildings on an 80 acre chunk of ground. A third might even have - I don't know how many 40 acre legally described units there might be in the province - but a third might have his buildings investment

concentrated on that kind of an area. And it seems that there's a basic inequity there in that just because the one happened to be on 160 acres, he will get a considerably greater relief from outbuilding assessment to the one who has happened, for historical reasons or whoever knows what reasons, to have his buildings located on a much smaller land site, even though his total land base is much larger than that.

MR. CHAIRMAN: Mr. Clarkson, can you answer that please.

MR. B. CLARKSON: I will first of all start by admitting it is a problem and was a problem that the committee was aware of. There are two factors involved there. One is that in some cases there will no doubt be requests for amalgamation of parcels in order to expand the land base, and the committee foresaw that happening, and I'm sure the planners in many cases will welcome it because they don't like the small parcels that have been created in many cases in past history, and they will look at it as an opportunity to obtain some desirable consolidation. That would be one of the things that will happen.

There will be other cases where that cannot be done. There's no question about it, and it will appear to be an inequitable situation. The committee looked at the possibility of using a farm unit as the base for the establishment of an exemption, whatever that exemption could be. But we ran into so many difficulties in a surprisingly large number of situations where that complete farm unit had property, not in one municipality but in three or four municipalities, and in some cases in two or three different school divisions as a farming unit. When you get into that situation, which jurisdiction benefits or suffers from the exemption and this became such a problem that we had to revert to the recommendation that it be based on the parcel. Hopefully it will forestall some unnecessary subdivisions and create some consolidations.

MR. D. COWLING: I don't want to comment on that I just wondered . . .

MR. B. CLARKSON: It was considered.

MR. CHAIRMAN: Further questions?

MR. D. COWLING: Yes, just one other. I'm interested in some of the details as to how this \$50,000 exemption from special ESP mill rates will work. Now to get you directed at the kind of concerns I have, I have to expand on the question just a little bit.

MR. CHAIRMAN: Go ahead, please.

MR. D. COWLING: Okay. The first basic question is, is this exemption to be based in the same way as we're talking about the exemption on outbuildings as applying to each individual legally-described site? Or are we talking about a net assessed value of any particular owner whether it's on one site or several sites?

MR. B. CLARKSON: First of all, it is not an exemption. It is still a taxation but at the residential rate of taxation

rather than at the commercial and industrial rate of taxation.

MR. D. COWLING: I understood that.

MR. B. CLARKSON: The concept is that it would apply to each identified improved parcel of land. If a business had, for instance, one land ownership lot with a large building on it, the exemption would apply on that site. If beside it he had another parcel that was vacant land, no exemption would apply on the vacant land. It applies only on improved properties.

MR. D. COWLING: Do you see where I'm heading with this? Because the next question would be, does this really distribute the tax load equitably? Because it would seem to me that it subjects individuals who have business investments that are heavily concentrated in one site to the increased mill rate of the ESP Program that would apply to them, while a similar investor with maybe an equivalent investment, but his investments scattered as with a series of fast food outlets, or there are any number of examples, that are scattered over a number of sites where each individual site is accessible to this, not exemption as you describe, but at least a lower mill rate. He may be totally exempted from the high commercial mill rate while the other fellow who's got his investment concentrated on one spot would be subjected to that to a considerable extent and I'm wondering if you thought about that, if you thought that was acceptable, or what your thoughts were about it?

MR. B. CLARKSON: First of all, the \$50,000 is used as an example in the book. It is not concluded in the recommendation. It says an appropriate amount. That appropriate amount may be 30, it may be 60, it may be 80, that is something that will have to be decided by government at the time it is implemented if it is implemented. That's the first point I'd like to make on that.

The second one is that same individual that has a scattered outfit has now gotten scattered maybe in a variety of municipalities, and he is affected by whatever that municipal tax levy is in that municipality. So he has differences between the large operator in a single location now.

MR. D. COWLING: I have to interrupt you just for a moment there because we're talking here about an exemption from a provincial levy . . .

MR. B. CLARKSON: That's right.

MR. D. COWLING: . . . so that the levy at least, although the assessment base may vary, but the levy at least is uniform because it's on a provincial base.

MR. B. CLARKSON: Correct.

MR. CHAIRMAN: Carry on, Mr. Clarkson.

MR. B. CLARKSON: The reduction of the first \$50,000 under the recommendation would apply to all improved property, regardless of that value, if it was half-a-million

dollar property they would still receive the first \$50,000 at the lower rate and make it up on the balance. I think the one thing you've got to recognize in this recommendation is that while it does, for the small businessman, amount to up to a 50 percent reduction in his Education Support Program levy, to the large business, the increment is fairly small. I used the figure before of a \$5 million premise and that would result in a 6.5 percent increase in his Education Support levy. On a half-a-million dollar building site, that would only amount to a 1.6 percent increase. So what we're looking at here is a situation which, although the small businessman would benefit considerably from it, the penalty to the large business is not that great.

MR. D. COWLING: The only thing I was pointing out here is that most of us could accept that kind of basic philosophy, but the implications of how this might be applied would not necessarily benefit only small business. It would benefit those individuals whose investments were scattered around and penalize those who have their investments concentrated on a single site. That would occur as well as the benefit to smaller businesses, and that's all I wanted to say.

MR. CHAIRMAN: Is this going to end with a question, or are you finished?

MR. D. COWLING: No. I just wanted to point that out.

MR. CHAIRMAN: Thank you very much. Did you want to go on the list to make a presentation, or have you covered your points?

MR. D. COWLING: I've spent the last two days reading this through. These are the things I wanted answers to.

MR. CHAIRMAN: Okay. Thank you very much, sir. Further questions. Yes, sir. Please come forward.

MR. K. SIGURDSON: Ken Sigurdson, Swan River, Manitoba. I have a question on portioning. I was just wondering how those figures of 8, 15 and 16 percent on farm residential and other property valuations were arrived at when in the statistical analysis it always seems to come out that the property owner, or the farmland owner, pays a greater share of the taxes than he was previously paying?

MR. B. CLARKSON: They were arrived at by looking at what the existing 1979 actual assessment was as a portion of the 1979 full value of property within each class. For instance, in 1979, total assessment on all farms in the province was \$493 million. The total value of all farmland and buildings in the province was \$6.275 billion. That worked out to 7.8 percent and we rounded that and utilized an 8 percent factor as a portion in order to cut that valuation back down to an assessment base equal to the existing assessment base. That was the method that was utilized.

MR. K. SIGURDSON: Yes, what really then would explain why in all of these statistical analyses that the landowner is going to be paying more taxes? What would explain that when it is portioned in that manner?

MR. B. CLARKSON: . . . explain it, one is that as I mentioned before, the calculation does not adjust for the transfer between classes of the farm residential property out of the farm category into the residential category. That adjustment has not been made and therefore the 8 percent overstates it. Even the fact that 8 percent was used when the actual figure came out to 7.87 creates some of the transfer as well. Probably for accuracy it would have worked out better instead of increasing the 7.87 percent to 8 percent we had reduced it to 7.5 percent. It would probably would have worked out more accurately in the illustration.

MR. K. SIGURDSON: Thanks. That's all I have for now, Mr. Chairman.

MR. CHAIRMAN: Thank you. Further questions? Mr. Ashton, you had a question earlier.

MR. S. ASHTON: Yes, going back to the line of questioning Mr. Cowling was pursuing before in terms of the assessment in the problems of relating it to market price, I can see that would be a particular problem in terms of farm buildings, farm residences, when there is such a wide difference often between the cost of building and the market value. I'm just wondering though, given the fact that market values can be difficult to assess, where there isn't some danger of the additional \$15,000 cost being brought in by the back door through some application of the formula perhaps based on a certain percentage of the cost production is taken as the market value. Otherwise, I can see some difficulties because if there aren't very many sales to establish what the market value is, how is it going to be set?

MR. CHAIRMAN: To whom was your question directed?

MR. S. ASHTON: I take it, Mr. Reimer will probably end up with that one eventually.

MR. CHAIRMAN: Would you repeat the question? I wasn't clear on what it was.

MR. S. ASHTON: Basically I'm wondering, in terms of the assessment of market price, whether there will be any calculation based on the cost of producing the building itself or whether that will be totally relevant?

MR. CHAIRMAN: Mr. Clarkson, is that relevant to what the committee addressed?

MR. B. CLARKSON: The committee, in talking about valuation, although they recommended that valuations be at a market level, they didn't recommend that market be the only method utilized by an assessor in arriving at that valuation. In many cases the market does not exist and the assessor will have to fall back on other appraisal techniques in order to arrive at his estimation of what the market would be if there was a market and in doing that he will have to make consideration of those type of costs, and he will also have to very seriously consider what the individual will be expected to pay for that property. It's a science, it's not something that I'm educated in at all but it certainly was not the

intent of the committee that the market be the only indicator of that value but the major one.

MR. CHAIRMAN: A further question, Mr. Ashton?

MR. S. ASHTON: That was my question basically, that particular concern as to whether that would come. I have some experience in other situations, the Thompson situation, my own constituency where you run into the difficulty that market price and replacement costs are often considerably different. I know that even where you have a real estate market which establishes the price the general problem you can run into is that you're always going to be ending up with replacement costs being brought into a certain extent. Anyway, if you can't establish a direct market price, I think that's where the earlier concern of the individual about the higher cost of building that house might come in because that way you might end up with an indirect higher assessment, because of the lack of a market price you can establish.

MR. CHAIRMAN: Thank you, Mr. Ashton. Further questions from the audience? Yes sir, please come forward - oh, two to come at once.

MR. G. NERBAS: Mr. Chairman, my name is Gene Nerbas and I'm with the R.M. of Shellmouth and . . .

MR. CHAIRMAN: Gene . . .

MR. G. NERBAS: N-E-R-B-A-S. I just have one question. In a case where a farm has many livestock buildings, if the livestock operation, whatever, livestock, dairy, or whatever, ceases to exist, will the related buildings become exempt?

MR. CHAIRMAN: Relating to vacant buildings, in other words?

MR. G. NERBAS: Well, buildings that aren't being used. The cows are gone, the buildings are empty.

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: I'd only have to say, do those buildings continue to have value that would be recognized in the market?

MR. G. NERBAS: I suppose they would.

MR. B. CLARKSON: If, under the recommendations of the committee, they would continue to be assessed the same way as a storekeeper in town whose store goes vacant, you certainly expect the owner of that building to continue to pay taxes on the building until he rents it again. I don't know whether you can have a dual standard if you're trying to achieve equity.

MR. CHAIRMAN: A further question, Mr. Nerbas?

MR. G. NERBAS: Yes, I'll just make another comment. It seems within the municipality - we have a farmhouse that is vacant now. The way things are now, there are no taxes on it, but should that person rent that farmhouse, it gets picked up.

MR. B. CLARKSON: There would be no taxes on that home either if a farm worker moved into it under the present regulations.

MR. G. NERBAS: I guess you've answered my question. Thank you.

MR. CHAIRMAN: Thank you Mr. Nerbas. Mr. Banman, did you have a question?

MR. B. BANMAN: Further to Mr. Nerbas' question. I think it should be fair to point out that is one of the major points raised yesterday in Souris by a number of the municipalities, exactly that particular problem. When somebody has a large livestock operation or there's a broiler barn sitting empty, whether or not that should be taxed or not. I think one of the Reeves at the time pointed out and thought, if it sits empty for about a year, then it should be taken off the roll. So that is one area that a number of municipalities and I know a lot of farmers are concerned about.

MR. CHAIRMAN: Thank you, Mr. Banman. Another gentleman in the back?

MR. A. ARMSTRONG: Alan Armstrong. I'm with the R.M. of Dauphin, but I've got a quarter of land that I bought around 1970 and at the time the person that I bought it from asked to have the buildings left on it. He's got the next quarter to it and there's a couple of granaries and there's a cattle operation. The sheds are in the bush and I really wasn't interested in cattle, so he's kept his cattle there in the winter. Now these sheds and these granaries are going to be taxed. Can they be taken onto his other quarter or are they going to be taxed on my quarter, or what?

MR. CHAIRMAN: Mr. Clarkson.

MR. B. CLARKSON: First of all, under the recommendations, they would only be taxed if they exceed the value of the quarter of the land on which they sit. From your description at the moment, I would be very doubtful that would be the situation, or else you would have had more interest in them.

MR. A. ARMSTRONG: It was in 1970 and nobody knew that the buildings were going to be taxed anyway, so I really didn't care.

MR. B. CLARKSON: The second factor, I would suggest, is that if there does remain a taxable assessment on the buildings under the recommendation and you therefore would have to pay a tax on them, you will no doubt also have the opportunity to charge a rent to recover that amount from the individual that's using them.

MR. CHAIRMAN: Does that answer your question, Mr. Armstrong? Further questions from the audience. Are there any further questions about the proposals in the committee report or the analysis?

Mr. Gourlay.

MR. D. GOURLAY: Yes, Mr. Chairman, I have one short question dealing with the valuation of farm residences.

It would appear to me that there are more and more farm residences being made available on the market and in some cases they are not being sold. Maybe the land owner wants to keep them for future considerations, but a number of them are being rented out, and would these rental amounts be used in determining a valuation on these properties by the assessor?

MR. B. CLARKSON: I would suggest that if it is the rental value, that it really establishes the market value, then it would definitely be one of the considerations that the assessor would use in arriving at his estimation of valuation.

MR. CHAIRMAN: Thank you, Mr. Clarkson. Any further questions? Hearing none, I'd like to thank both Bob's - Bob Clarkson and Bob Brown - for taking the time to answer our questions and we will then commence with hearing presentations and briefs - or as I referred to it earlier - arguments.

The first name on our list is Mr. John Hyshka. Mr. Hyshka, you had a presentation.

Mr. Plohman.

HON. J. PLOHMAN: Mr. Chairman, have you called for all the presentations that might be made if there are others that want to get on the list before we begin?

MR. CHAIRMAN: I'll do that immediately. Just one moment, Mr. Hyshka, before you begin.

I neglected to ask if there was anyone else not on the list who was here and wished to make a presentation. The names I have in the order in which they've been received are Mr. John Hyshka, Mr. Ken Sigurdson, Mr. Art Morin, Mr. Bob Forbes, Mr. Russ Phillips.

Is there anyone else who wishes to make a presentation today whose name is not on the list? Yes, sir? Mr. Morris Mazurkewich, Rural Municipality of Gilbert Plains.

Is there anyone else? Yes, sir, your name? — (Interjection)— No, but to make a presentation or an argument. Your name, sir? Howard Wilson.

Anyone else who wishes to speak to the committee today? Alan Armstrong.

And anyone else? Adam Smith.— (Interjection)— Yes, that is a familiar name. Anyone else?

Okay, sorry for the interruption, Mr. Hyshka, you may proceed.

MR. J. HYSHKA: Okay, No. 1 is building and residence taxes should be zoned. The further away the residence is located from the local shopping area, the rates should be lowered accordingly.

All services charge mileage or one hour labour when a distance is more than five miles from town.

School taxes should be paid by every taxpayer, not just property owners. This can be done through income tax.

MR. CHAIRMAN: Are there any questions for Mr. Hyshka?

HON. A. ADAM: Mr. Hyshka, I believe you said that the education tax should be paid by everyone through the income tax system.

MR. J. HYSHKA: Yes, and not property owners.

HON. A. ADAM: There have been some suggestions that it would be more inequitable if you provided finances for education from the income tax, because generally speaking the people at the higher income level have ways of not paying income taxes and it seems to be more equitable to have it on property because then you are able to catch everyone.

MR. J. HYSHKA: Do you think this is reasonable?

HON. A. ADAM: Which is more inequitable? I'm not saying that we should not look at that, but there are suggestions that Howard Hughes and some other people in the very high income level never pay any income tax because they have ways of avoiding it on their investments and the way they operate their businesses; whereas the middle-income bracket, the blue collar and middle-class people, do not have that opportunity and even the lower level do not have that opportunity to avoid paying income taxes. That's all I'm suggesting. It's something to think about.

MR. J. HYSHKA: Myself, I was renting for 30 years until I bought property, and that's the first time I ever paid school taxes. Do you think that's fair? I don't think so. In the City of Winnipeg, I imagine there's probably more renters than there are property owners.

MR. CHAIRMAN: Mr. Banman.

MR. B. BANMAN: I think, just for clarification, it should be pointed out though the person that is renting the property to you is paying the tax, so that indirectly if it's an apartment block a portion of your rent is going to pay tax, so indirectly you're paying it - not to the municipality yourself, but through the landlord you're paying it.

MR. J. HYSHKA: Well, they still pay very little, I think.

MR. CHAIRMAN: Mr. Ashton, a question for Mr. Hyshka?

MR. S. ASHTON: Not so much for Mr. Hyshka but just following up on the second point, I'm just wondering what the latest estimate is in terms of revenue raised through property taxes in Manitoba.

MR. CHAIRMAN: I don't know if anyone would have that figure here today. If staff have that figure we could—(Interjection)— no.

MR. J. HYSHKA: Thank you, Mr. Chairman.

MR. CHAIRMAN: We don't have that figure, it's something that could be provided if you wanted it. Mr. Ashton is asking for an estimate of the proportion of school education funding that's raised by property tax levy.

MR. S. ASHTON: The reason for that, Mr. Chairman, is that obviously we'd have to have that kind of figure available to realize how much we'd have to raise through

income tax for that same purpose, and I can see that it would raise the income tax rather considerably. It was just for my own personal estimates, but I was just curious if the department had any more accurate estimate.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, you'll recall in my opening remarks I indicated that the Minister of Education was at the present time holding meetings to discuss education finance in the Province of Manitoba and that would be the appropriate forum to express your views as Mr. Hyshka has done. That would be the proper place to have your concerns known, either in writing or going to one of the meetings that they are having at the present time on educational finance. Again, as I pointed out in my comments, we are trying here to find solutions for assessment and we try to separate that from the taxation which is a different function and we're not here, I would point out, as a committee to be pro and con on the report. We're not appraising it; neither are we condemning it. We are just trying to provide enough information to you so that you will understand it better and at the same time I think we get to know the assessment, how that process is undertaken. We get to understand that better; then you are in a better position to respond to us with your views.

MR. CHAIRMAN: The next response with views is Mr. Ken Sigurdson representing the National Farmers Union.

MR. K. SIGURDSON: Thank you, Mr. Chairman. I am making this presentation on behalf of District 7, Region 5 of the National Farmers Union.

We welcome this opportunity to meet with you and discuss our concerns and recommendations to the Manitoba Assessment Review Committee.

On market value, one of our concerns deals with the assessment based on market value. Assessment based on market value of farmland and buildings bears little relationship to the productivity value and hence the farmer's ability to paying. Investors, speculators, foreigners and corporate buyers all establish market value for farmland in Manitoba.

Dwellings - we have several concerns with the present Act which allows assessment and subsequent taxation on dwellings when off-farm income exceeds farm income for the following reasons.

Many farmers, because of poor marketing conditions, are forced to seek off-farm employment to subsidize their farming operations. With jointly owned property the dwelling becomes taxable when the husband and spouse's income exceeds the farm income. This discriminates against family farms and women being equal partners in the farming operation. Again, people that are presently working off the farm are having their dwellings taxed, which is a real unfair thing to them when they're trying to make the farm go. At this time farmers would view assessment on dwellings as a method of extracting more revenue from farmers and the farm community. Without the protection of orderly marketing systems, farmers cannot accept assessment and subsequent taxation on farm dwellings.

Farm outbuildings - we recognize the need for assessment of outbuildings which constitute the hub around which the farm operates or farm factories. Our view would be consistent with the Review Committee's recommendations that both land and outlying buildings be assessed but taxes be levied; however, only on the greater of the two assessments, but not on both.

Valuation of railway right-of-way - we find it appalling that the railway rights-of-way are still being taxed at 1948 levels. Similarly, we share the concern of the MARC that assessment on mainlines and branchlines are the same. We recommend incentive assessment that would require the railways to maintain the branchlines. Again, assessment of \$2,000 per mile to the railways would in the past five years have made record profits - it is a pittance.

The City of Winnipeg, the CPR Agreement - again, we are astounded by the generosity granted the CPR. In the past agreements, and we concur with the City of Winnipeg recommendation that all the company's holdings be subject to full taxation on 100 percent of assessment, as shown, as soon as possible.

Effects of the MARC recommendations on farmers - our major concern, however, pertains to the overall effect of the MARC recommendation on farmers. In the booklet entitled "Statistical Analysis of the Impact of Selected MARC Recommendations" concluded, "The rural municipalities, towns and villages included in the modelling exercise, realized an increase in farm property taxes and a decrease in residential and small commercial property taxes." A greater burden on farmers in these tough economic times cannot be justified. The National Farmers Union has for some time advocated that education taxes be removed from farm property and levied on the ability to pay.

This is respectfully submitted by District No. 7, National Farmers Union.

MR. CHAIRMAN: Thank you very much, Mr. Sigurdson. Questions for Mr. Sigurdson please?

Mr. Adam.

HON. A. ADAM: Mr. Sigurdson, one of the recommendations that is in the report is that in order to remove the inequities that are there, as they perceive them, was one of the major recommendations that would eliminate all, or at least most, of the inequities would be to move property to the market value. Now are you opposed to that recommendation?

MR. K. SIGURDSON: Yes, in this case, if you move to a market value on property, as stated in the briefs, it bears no relationship to the productivity of that land and hence the farmer's ability to pay those taxes.

HON. A. ADAM: The other question was - I think you touched upon it, Mr. Sigurdson - the assessment on outbuildings and farm residences. The recommendations in the report was to remove, as much as possible, all exemptions except a few, such as non-charitable organizations, and so on, but to minimize as much as possible exemptions on property, whatever they may be. You did touch upon that: would you mind just repeating that?

MR. K. SIGURDSON: Yes, I made sort of a distinction between dwellings and I said at this time farmers would

view assessment on dwellings as a further method of getting revenues from them. I stated that on dwellings again farmers would have to have the ability to pay, or orderly marking systems for their products, so that they would have that ability to pay.

I also said on farm outbuildings that I was in agreement with the MARC recommendation that they be taxed when they exceed the value of the property that they're sitting on.

I also have a concern about things like granaries, which farmers have to have and would rather not have, you know if they become taxable. The granaries are used to store a product which has become the responsibility of the farmer to store; so I would have a concern about taxation of granaries and stuff like that.

HON. A. ADAM: Yes, I think what you're saying, Mr. Sigurdson, is your support to the assessment on outbuildings would be to remove the inequities that exist between the farm that is land intensive as opposed to the one that's building intensive. Is that the reason for your support?

MR. K. SIGURDSON: That's right. Like hog operations or broiler operations or whatever, should have to contribute to the tax bases.

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

MR. CHAIRMAN: Mr. Blake.

MR. D. BLAKE: Thank you, Mr. Chairman. I would just like to - Mr. Sigurdson, what brings you to the conclusion that market value has no relationship to productivity on land? Surely you're not going to pay the same price for sandy soil as you are for top class soil or high productivity type of soil. So don't you think the market value would really reflect the productivity of the land?

MR. K. SIGURDSON: I don't think it really does. Like in a lot of cases you have a farmer that has five or six quarters of land and he goes out and pays another 100,000 so he can have the seventh, sort of thing; so if you were to look at the young and beginning farmer, he would have a hard time making a go of it on \$30,000 a quarter land, so that maybe is the market value to him or the productivity value of that land. It's what he's able to generate in income off of it.

MR. D. BLAKE: Yes, but if he keeps buying land like that, he's not going to be in farming too long. It would bring the market value back down again and when you take an average it should truly reflect the actual . . .

MR. K. SIGURDSON: Yes, I also stated that there were other factors involved such as speculators, investors, corporate ownership and sometimes foreign ownership.

MR. CHAIRMAN: Thank you, Mr. Blake.
Mr. Gourlay.

MR. D. GOURLAY: Thank you, Mr. Chairman. Ken, I was just wondering, what is your opinion or the opinion

of the National Farmers Union with respect to the recommendations of the Manitoba Assessment Review Committee in recommending that a single assessing authority should be established?

MR. K. SIGURDSON: I think that is a good step to take at this time, to put it all under one body.

MR. CHAIRMAN: Any further questions for Mr. Sigurdson?

Mr. Banman.

MR. B. BANMAN: Mr. Sigurdson, you brought up the problem, I guess, that is one of the stickiest ones in dealing with this particular report, and that is the classification of whether a farmer is considered a farmer and at what particular point in time of income, off-farm income, exceeds the farm income. The report recommends that all farm residences be assessed and taxes be collected on that. What is your stand on that and could you elaborate a little bit? I think you made reference to it in your remarks.

MR. K. SIGURDSON: Yes, I guess the real concern on that would be that farmers would view a tax on their dwelling as another method of getting taxation revenue, and we felt that at this time that the dwelling should not be taxable because of the farmer's ability to pay on that dwelling.

MR. B. BANMAN: How would you deal - you know, I'm looking for an answer because I haven't been able to find one and I've got a lot of trouble in my constituency with this particular problem - but how would you deal with the classification or the definition of a farmer then when it comes to residence?

MR. K. SIGURDSON: Okay, if we're going to deal with what is a farmer, that's becoming a very difficult thing to define, Bob, because as I've stated, many farmers have to seek off-farm income to support their farming operations and I suppose my definition of a farmer would be somebody that spends a greater portion of their time on the farm than off the farm.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: All I'm saying, Ken - if you had an easy answer I'm sure you'd offer it to us - is that is the particular problem that we're all grappling with right now, and you mentioned the problem with regard to the joint ownership, you know, put the title on your wife's name to the homestead, then you can go out and work and if she's got less income. It's causing a lot of problems and I guess that's one of the things that we're really trying to grapple with in this particular set of hearings that we've got. Nobody's really come up with an easy answer to it and I guess the committee in dealing with that particular problem said, well, let's assess everybody. Then, I guess, it would become a decision of government or whoever if they wanted the farmer with certain stipulations to then deduct that particular property tax from income tax or whatever they'd have to do; you'd have to come with it differently. It is a real problem and I don't think we've got an easy answer to it.

MR. K. SIGURDSON: Yes, it could even become more ridiculous than that, Bob. You could have a farmer that had no farm income and was collecting the family allowance and, theoretically, presently his house would become taxable.

MR. R. BANMAN: Just to bring in another example, the pensioner who has eked out a living on his farm suddenly receives the pension and then gets his house assessed and has to pay \$600 more on assessment. That happened the other day. There's all kinds of inequities that are creeping into it.

MR. K. SIGURDSON: Very definitely. That's why somehow something will have to be built in to reflect those people's ability to pay those taxes, whether it's something like the homeowner grant or something along those lines, where it is partly done through income.

MR. CHAIRMAN: Any further questions for Mr. Sigurdson? Thank you very much, Mr. Sigurdson.

The next name is Mr. Art Morin. Mr. Morin. You could probably pull the mike down, please, Mr. Morin when you sit down. It's the only way we get you in the transcript. If you pull the mike down it'll pull down; Ken sits up rather tall.

MR. A. MORIN: My presentation will be rather brief. Perhaps I should have just asked a question, but I was under the impression that in order to make any comment you'd have to register, so to play safe I registered.

After reading some of the analyses here, I'm under the impression that to apply these recommendations is an attempt to equalize assessment all over the province between the different municipalities. I think this can be achieved, especially in the urban municipalities. As shown here, they even received very little impact after the recommendations were applied to the model municipalities.

There is a big difference between urban municipalities and rural municipalities. Most of the residents in rural municipalities are engaged in agriculture. The reason why it's so easy to achieve equity of assessment in urban municipalities is because of such a big difference and diversification in the property holdings in the rural municipality as opposed to the urban.

I think the application of building tax to rural - I was concerned that it would bring to light a lot of discrepancies and inequities, some of which I have heard today. For example, you could have - I could give one example - you can have a John Doe in a certain operation and John Smith with a similar operation, but John Doe has very little buildings, very little invested in buildings, while John Smith worked his butt off to put up these buildings which cost so much money and worked hard to pay back the loans or probably hasn't paid off or it wouldn't matter. Then he gets slapped with this building tax and he will feel discriminated against and he will feel that he has been, in essence, actually penalized for his endeavours.

I was concerned that it would bring to light more discrepancies and inequities than with experience with the last assessment of farm residents, based on income off the farm as opposed to income on the farm, as

was experienced in my district by the large number of grievances and complaints that were expressed at the Court of Revision in our municipality in Grandview.

I would like someone to tell me here today why we cannot avoid all this by launching a study to see if it's feasible to have a tax based on ability to pay, which is net income, same as the federal and provincial income tax to make it plain, pure and simple. Thank you.

MR. CHAIRMAN: Okay. Please don't leave. There may be some questions for you and some comments. Any questions?

Mr. Banman.

MR. R. BANMAN: I guess the difficulty that you have in dealing with that - the ability-to-pay principle - and when you're dealing with farming and when you're dealing with small business and I first of all want to say I agree with you - it's much easier to deal with the urban setting than it is with rural areas. I guess to many of us here this is our major concern because it will really affect - I know in my area where I've got a lot of mixed farming - there's going to be some major impact to some of the dairy, poultry and hog operations.

One of the problems you have in dealing with ability to pay is things like the capital cost allowances for purchase of equipment and things like that. You're coming into an area where there are certain deductions which certain people get and other people don't get. So what on the surface might be an easy thing to deal with - the ability to pay - once you're dealing with depreciations and all kinds of other things involved, you can have one person making a lot of money, using the tax system to his benefit and coming out with a return which will show a nil income tax return, so he says this year I didn't make anything, and then you have the other guy who has filed a return and suddenly is caught in the other predicament of now having to pay the tax when the other guy has really made more money. So I guess what I'm saying to you, that's part of the difficulty that the committee has and we have in dealing with the whole system, is that it's not just straight cut and dried because there are other factors that enter into it.

MR. A. MORIN: I see no difficulty, if he has to buy that machinery and has that big expenditure, well, don't you think he deserves the tax break? While the fellow that already has it, it's already paid for or it is already depreciated, well, I don't see any difficulty there at all.

MR. CHAIRMAN: Mr. Driedger.

MR. A. DRIEDGER: He wouldn't buy that equipment if he didn't need it, would he?

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: Well, I guess I would say after watching over the years a number of the people in my area, I think sometimes people do buy things just to get the capital cost allowance and all of us sometimes do things to beat taxes because we don't want to pay taxes, and sometimes when you look back, you say, well, maybe I would have been smarter to pay the tax

on it in the first place and not have the debt now of that new machine that I really didn't need. I'm just saying, I know the point you've made, but it becomes a little difficult sometimes. That's the only thing I wanted to point out.

MR. CHAIRMAN: Mr. Morin.

MR. A. MORIN: You see, there are even discrepancies that show up in the land assessment. You could have the highest assessed land in the country, but there's - (inaudible) - in there. The highest assessed land, the fellow gets a complete wipe out. He's there with his pockets empty and watching his farm going for tax sale while the fellow with the lowest assessed land - well, Mother Nature has favoured him - a very good crop, a very good net income and small taxes.

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

MR. B. BANMAN: If the committee could do anything with controlling the weather, I'm sure we'd solve all the problems. I know the point you're making, I just wanted to raise the other difficulty in dealing with that.

MR. CHAIRMAN: Okay. Mr. Driedger.

MR. A. DRIEDGER: I just have one short question. Mr. Morin, how do you feel about the tax rebate on homes?

MR. CHAIRMAN: Does this have to do with assessment? Excuse me, Mr. Morin. I don't know that I want to start to allow questions that get too far beyond assessment into taxation policy. I realize taxes are connected, but I think I'm going to have to ask Mr. Driedger to hold that question.

Any further questions on assessment for Mr. Morin?
Mr. Adam.

HON. A. ADAM: Yes. Just the two points that I think are important, and that has to do with the assessment on farm residences. You do not appear to be in support of that and the valuation is another important recommendation in the report, so I would appreciate having your views on the record of how you feel about those two major recommendations.

MR. A. MORIN: What was the second recommendation?

HON. A. ADAM: The major recommendation was to remove the inequities as they saw them here in the report. If we went to a market valuation on the assessment, rather than percentages and so on, not for the portioning, but for the valuation process which is separate from the taxation, they said if we did that, we would remove most of the inequities. That's the one question.

The second question is whether the farmhouse should be exempt. That's the second question.

That's two major ones. I just wanted to get your views on that clear, if you wish to respond. You don't have to respond if you don't want to.

MR. CHAIRMAN: Do you favour market value assessment and do you favour exemptions for farm residences? Those are the two questions.

Mr. Morin.

MR. A. MORIN: I believe I've already answered that question in my last remark about tax being based on ability to pay.

MR. CHAIRMAN: Okay. Thank you very much, Mr. Morin, unless there are further questions. Thank you, sir.

The next person on our list, Mr. Bob Forbes. Mr. Forbes.

MR. B. FORBES: Thank you, Mr. Chairman. I'm not going to present a brief. I have read the document we have in front of us and I agree with a lot of it. I still would like to get my two-bits in with regard to the value of land when we're assessing it as a tax base. I think we should be looking at the value of the productivity of the land as it now stands. We should be going to our crop insurance to see what that land is capable of producing, and then we should be going to the marketplace to see what that land is worth; then we should feed that into our computer, we come up with an indexing and we take it on a five-year average dropping off the bottom year and picking up the top, similar to grain stabilization. We would then have what I feel would be a suitable way to value our farmland and it would be kept up-to-date every year. I would favour that system rather than strictly the sale value.

The report deals with grant in lieu of taxes. I think the Crown lands should be assessed the same as adjacent lands and taxed accordingly. I just can't buy this grant in lieu of. I don't think anybody - and a government is a "body" - should be privileged any more than the next person across the road. I would like to see that changed.

The tax credit was mentioned a moment or two ago. I think this is wrong. Everybody should pay taxes; it should be a privilege. I think the tax credit should be abolished or, if not abolished, put it in after X number of dollars taxes have been paid. Start at the \$300, \$400, \$500, start where you like, but if you have to have a tax credit put it in so that everybody starts with the basic tax.

I really favour the system of assessing and thus taxation for the services rendered and we in Canada, not just in Manitoba, have got so mixed up in our assessment and then our taxation that we have our welfare society roll, which is your tax credit, along with our municipal taxes and we have our educational tax along with our educational taxes. You can't tax property for educational purposes, in my opinion, because you can't educate property - I've got land that I've pastured cows on for 30 years and them damn cows still aren't educated - there has to be a better way of getting revenues for educational purposes than from the land. If you want to go far enough back on that, you could actually prove that by assessing land you are putting a tax on food, because our land is the basis of both food and fibre necessary for daily living.

I think that, Mr. Chairman, is just about the comments I'll make at this time. I may want to pitch in two cents' worth later on.

MR. CHAIRMAN: I have to caution you, as was mentioned earlier, the Education Finance Review is

being conducted now under special commission by the Minister of Finance, and we can't get into the whole question of education finance problems in terms of education taxation. The MARC Report dealt strictly with property assessment. Obviously, as you say, taxes and the mill rates are based upon those assessments and they are connected, but we can't get into a debate on rebates on education taxation or education financing or ability to pay for education financing for you or your cattle. That's a separate question and we could be here for days just on that, but if there are questions for members, we'll hear questions now.

Mr. Adam.

HON. A. ADAM: You did mention, Mr. Forbes, about the assessment of farm residences. What's your views on that?

MR. B. FORBES: I'm afraid I'll have to go along with the report. I don't exactly like it, but I can't come up with a better solution. Something has to be done and done right now.

HON. A. ADAM: The second question would be that you appear to be opposed to assessment at market value.

MR. B. FORBES: Definitely.

HON. A. ADAM: Thank you.

MR. CHAIRMAN: Further questions, any members have further questions? Hearing none, thank you very much, Mr. Forbes.

There has been some discussion, members of the committee, as to whether or not we should adjourn at our scheduled adjournment time of 12:30 and come back at 2:00 to continue, or whether we think we can finish, since most of the other presentations are impromptu presentations that members of the public have decided to give here. What is your will and pleasure? Do you want to adjourn at 12:30, that being the time now, or continue? I can't predict how long the other presentations are going to be.— (Interjection)— Perhaps we can ask the individuals who are going to be making presentations how long they expect to be.

Mr. Phillips, how long would you expect to be?

MR. R. PHILLIPS: Two or three hours. No, it won't be too long.

MR. CHAIRMAN: Morris suggested he would be short, Morris Mazurkewich. Howard Wilson, how long? — (Interjection)— Five minutes. Alan Armstrong? — (Interjection)— Two minutes. Adam Smith? — (Interjection)— A couple of minutes. I take it, it's both the wish of the committee and the wish of the audience then that we proceed.

Carry on then, Mr. Phillips.

MR. R. PHILLIPS: Mr. Chairman, committee men, on behalf of Art Rampton, he has asked me to give a brief. I have turned a copy over to your Chairman, and with your permission I will read through this brief on behalf of Mr. Rampton.

For information, Art Rampton is a large dairy farmer just on the outskirts of Dauphin, in the R.M. of Dauphin.

"I appreciate the opportunity that has been given for individuals to express their opinions on taxation. First, regarding the report, Statistical Analysis of the Impact of the Selected MARC (Weir) Recommendations by the Department of Municipal Affairs, dated November, 1982, my remarks are as follows:

"Taxing on full assessment of land and all buildings increases farm taxes inequitably high in comparison to residential and urban taxes. This is particularly so regarding the school tax. In my mind there is no rationale substantiating the reason for such a high school tax on the farming community.

"The apportionate system as recommended, I feel, does not cure the present ills. In most cases it leaves the three segments, farm, residence and other, in the same ratio as at present. It is time that we did away with the extreme oddities that are now in the system; such as, some areas are being assessed at 75 percent of their 1957 building cost, other areas at 60 percent of the 1967 building cost, residential buildings being decreased by a third of their assessment, land values in Winnipeg being based in relationship to distance from Eaton's store. These are only a few examples.

"I agree with the suggestion made by the Manitoba Farm Bureau in their brief to the Weir Commission in 1980-81, and would recommend:

"First, school taxes should be put on all residences including all farm residences, but not on farmland and other farm buildings. There is some relativity of residence to the population attending schools. Land and buildings have no relativity at all.

"Second, municipal taxes would be applied to the assessment of land and farm buildings. However, I would suggest that some buildings should be exempt from farm taxation as they are not assets that are used for production purposes; that is, the use of buildings that do not produce a product generating additional sales. These non-productive buildings that are referred to are storage buildings such as silos, hay sheds, granaries and implement sheds. Buildings that are used for production are dairy barns, hog barns, chicken barns, seed cleaning plants, etc., and these should be taxed.

"To show the inequity of taxation of storage buildings, I will use silos for an example. They are used to store feed in; they enable one to mechanize collecting hay and mechanizing feeding in the same way that a high-priced combine and other equipment do for grain farmers. With only one silo on a farm, which will average in price in excess of \$120,000, one is already beyond the exempt value allowed for the land that the buildings are situated on. The silo then creates additional taxes without producing any saleable product.

"A glaring example is a farm in southern Manitoba with five silos. These will have a value well over \$600,000 to \$700,000.00; these would be used to store feed from several quarter sections of land. It would be foolish to locate them on each separate quarter section, but think of the taxation caused when they are all built at the feeding enterprise location. Again, they are not a production unit. This inequity would not only apply to southern Manitoba, but as far north as the agricultural area at The Pas.

"To further realize the inequities this causes, see the Table on Page 26. It's a statistical analysis showing a

dairy farm in the R.M. of Hanover. The increase in taxes are as follows: In 1982 the school tax was \$282, the municipal tax was \$1,418; a total tax of \$1,707.00. If you go to full value, the school tax would jump up to \$8,147, municipal tax to \$2,799, making a total tax of \$10,946.00. When you come to the proportioned area, the school tax would drop to \$5,300, municipal tax to just over \$2,000, making a total tax of \$7,364.00.

"The third, residents should be taxed on full assessment. The reduction of assessment by residents by one-third of their value needs to be rescinded. It is of extreme importance that all these three changes of taxation be done as a package; otherwise, farm buildings and residents should not be taxed."

If I could, just as a comment on this, Mr. Rampton asked me to - well, I'll turn the page first, pardon me. "Again, I appreciate this opportunity to express my concerns and trust they will receive your consideration. Taxation on silos is by far the greatest inequity. I sincerely request that taxation on silos, along with other storage facilities, will be waived."

Mr. Rampton, in his thoughts on the presentation, would like to draw your attention to the fact that if we're going to tax farm homes and farm buildings, that the one-third discount on urban areas would have to be rescinded. That would have to come in at the one time and he wanted to make this very clear that you don't bring in one recommendation without the whole group of recommendations.

MR. CHAIRMAN: Thank you very much, Mr. Phillips. Are you prepared to answer questions on Mr. Rampton's presentation? Do you feel familiar enough with it to answer any questions?

MR. R. PHILLIPS: I would rather not try to field these questions. I have some more concerns from the R.M. that might answer some of those questions and that would be . . .

MR. CHAIRMAN: Okay, then, would you proceed with the R.M.'s submission, please.

MR. R. PHILLIPS: I don't have a written submission, Gentlemen, but there are one or two things, as council, as we sit and look at the whole business of reviewing our assessment.

First, as a council that sat with two court cases trying to figure out whose home should be assessed and whose shouldn't, in the one case we won, the second one we lost. We felt, and I shouldn't say this, but we felt that the using of certain accounting methods didn't really seem to justify not having those homes taxed. The judge seen it the other way, and I'm not quarrelling with the court's decision, excepting it leaves us in a very precarious position when we look around our municipality and try to decide whose home should be and whose home shouldn't be.

The problem, if you have a crop failure in any one year, it would mean that anybody even receiving Family Allowance in that particular year should be taxed on his home; so all I say to you is that the present system is really untenable for councils at the present time. Something has to be done. We don't have recommendations to give you as to how to correct all

the inequities. All we're saying is the present system is certainly outdated and almost untenable when we start looking at whose home should be assessed and whose shouldn't. We have reached the end of our rope where we say, how do we call anyone in, you know, it would become almost impossible. So, this is the one side of it. I would like to urge you to do something and I wish I had a clear cut list of things to give you to do but I don't, but I think that those who are involved with taxation, those who make a study of it, are going to have to look at it and come back with something that is reasonably equitable.

Some of the things that I would like to have you look at while you're doing this, I feel that there again - and it's been mentioned and I know we're not supposed to talk about school tax - but because of the closeness that it involves with assessment, I think we have to address the problem of removing school tax from real property. It was suggested back in '63, I believe, with the Fisher Commission. It's been recommended numerous times; it just hasn't been acted on. I realize the amount of money that would have to be raised in other methods for education tax, but these are things that looking at it from a farm-oriented background, from a rural municipality's point of view, to have school tax on real property becomes a very hard type of thing to live with.

Another thing we should take a look at, if we are going to tax farm homes - if we are going to take a look at farm homes and farm buildings - the question was raised here earlier as to how do we deal with a feedlot that sits vacant. How do you put a price on it? What value does it have? I would say one that is operating has a considerable market value. The day it sits empty it's not like a store in town that you can take the grocery store out today and you can move a dry goods store in it tomorrow or convert it into a drive-in theatre. A feedlot is a feedlot and it can do nothing else. A hog barn is built as a hog barn and the day it sits vacant it doesn't have a rental value to go to some other business.

So I think this portion of farm buildings, you're going to have to give it maybe greater exemptions or maybe the fact that it sits vacant for a year, and we've done this in the past with farm homes that were rented out, if they were not occupied or not used, they were given the right to no tax. I feel that with farm buildings, because they are not the same as urban buildings, there's a vast difference, and I think that when you look at it, you're going to have to consider this.

I don't know how we would sit as a Court of Revision on a council when farmers came in if you used the term of real value on land. How would we sit as a court if John Jones decides to sell his farm to his son? We have a real value of \$100,000 on the quarter and he sells it, maybe not even to his family, to someone else, the price of land has changed a great deal rather quickly, and he sells it for 50, then how do we convince that man that the real value is still 100 and he should be paying taxes on the real value of \$100,000.00? I think a proportionate is a better method, it gets it away from the real value, though you will have to use real value to establish it. I think we should go to a proportionate type somewhere down the road.

These are just some comments, I should have taken more time and put them down, but these are some of

the concepts that we look at as councillors and worry about how we could deal with the situation if changes were made.

Thank you, Mr. Chairman, for the opportunity.

MR. CHAIRMAN: Thank you very much, Mr. Phillips. There may be questions.

Mr. Adam.

HON. A. ADAM: Just one question, Mr. Phillips. I want it to be clear on whether you are not in opposition to assessment of farm homes.

MR. R. PHILLIPS: I think I will take the thought that Mr. Rampton used in his presentation. If a number of changes can be brought in to the assessment now, rural residence, town residence, no third off, a multitude of things, and if farm homes can be priced at their value that they would have in the rural, I would like to also add that if school taxes can be removed from real property I have no problem then with the taxation of farm homes for the services rendered to them. This is my answer to that. Maybe it's indirect, but I think that we have to have some clarification on the taxation of farm homes, because we cannot deal with them under the present system to find it.

I hope when you bring it in, you will bring in a number of changes so that there won't be an undue burden placed. At the present time if just farm homes were added, and I use Dauphin as an example, and our assessment should jump to - we're now at 7 1/2 or a little better, million, as an assessment - and it should jump to 10 or 11 million because of the inclusion of farm homes and farm buildings, and if the Town of Dauphin remained at the same level, then our proportion of the school tax would jump excessively high.

So all I ask, if you can keep it within the bounds of the present area, then there probably wouldn't be a great deal of problems with the taxation of farm homes.

HON. A. ADAM: Yes, I just want to perhaps continue on that line of questioning, Mr. Phillips. You indicated that you would like to see the education tax removed from farm property. You made a distinction there between the farm property as opposed to the residence, because education is a service to people, maybe not to land, but to the people living in that home, education is a service. While the municipal imposition on the land is primarily roads, snowplowing, fire service and drainage and so on, but when you get to the home in the urban, in the town, or in the city, which is one-third exempt now, and I think the recommendations are to increase that to market value. What is your view in that respect now, because there seems to be a conflict there in what you have said?

MR. R. PHILLIPS: Well, I realize that if homes were used to raise school taxes in the rural area, those same homes would have to be taxed municipally also, the same as you would do in an urban area. They wouldn't solely be taxed for school, they would be taxed municipally and school tax on dwellings, the same as you would have to do in your towns and villages, or in your cities, because this is their only means of raising revenue municipally is on the home.

In the rural we would have to do the same thing, because if we didn't, then those people who are urban dwellers living in the rural would pay no municipal tax if there was any. But I don't think that the education tax should run over under farm buildings and on to farmland for educational purposes.

I would just like to use the example: You could have a farmer or a garageman, who has a large complex of buildings. You could take the garageman in the Town of Dauphin and he could have \$3,000 or \$4,000 a year school tax on his garage and be in a deficit position at the end of year, making, you know, practically no means to pay this tax. You could have a lawyer who's renting a \$50 a month office and making himself \$100,000 a year, who has really used the educational system to its maximum, and yet wouldn't be paying through a real property tax his fair share of educational taxes. These are my feelings. I think this is really the bottom line of the whole reassessment is removing education taxes from farm property.

MR. CHAIRMAN: Any further questions for Mr. Phillips from members of the committee? No further questions?

Mr. Phillips, thank you very much.

MR. R. PHILLIPS: Thank you.

MR. CHAIRMAN: The next person on our list is Morris Mazurkewich, R.M. of Gilbert Plains.

MR. M. MAZURKEWICH: Mr. Chairman, I am Morris Mazurkewich, Reeve with the R.M. of Gilbert Plains. I do not have a written report. The area that I'm going to get into is our municipality being assessed, last year buildings only, the land is to be this coming year, and as a result of that, we went through the procedure of the Court of Revision and normally our Court of Revision is in October of each month.

This year with the assessment with the figures coming in as a last minute type of thing and with the Act with the one word being changed in it, in other years it indicated that it "may" be added onto the tax roll. This year they took the word "may" out of it and included the word "shall," so that was so much for next year's.

So as a result of that, we ended up in having the Court of Revision in December and with the notices being sent out to the taxpayers that December 31st is the last day of payment.

From there, as a result of that, I think as far as revenues were concerned, it amounted to about \$30,000 more revenues to the municipality as a result of the assessment on buildings. Out of that, we had somewhere in the neighbourhood of about 30 appeals. A half-a-dozen of them were borderline. To begin, the day the assessors were out to the property, whether there was a lack of communication or misunderstanding or whatever it was, but anyways when they did come in, in December, the Court of Revision, you almost have to have an accountant there. The two assessors were there and the people that come in there to appeal their case, they had to bring in their last year's income tax papers, just to see where they did stand on the issue of whether they were taxable or they were not taxable. So I kind of always maintain the fact myself that income tax is kind of a personal item.

I think, Mr. Chairman, yourself today, if I was to tell you, well, we're going to tax you on your home today because we feel that maybe you should be taxed. The only other way to go about it is from the other end, you would be bringing in your income tax papers based on last year's figures and, of course, with the six councillors sitting around, myself, two assessors and the secretary-treasurer, quite openly, you would speak up and say that this is what I had from last year and, of course, you get into the total figures with the six councillors sitting around representing the whole municipality, it's not a personal thing any more. You have to talk about figures in order to get away from this so-called tax. In our case, we were very fortunate, we have Frank Reznoski (phonetic), secretary-treasurer, he's an accountant and he was able to sit down with the assessors at the other end and assess this whole thing as to whether these half-a-dozen gentlemen were to pay tax or were not to pay.

As a result of this, some were to pay and then others, they come in, and they said they had nothing to produce at the time. They had done their income tax at some accountant in Winnipeg and they didn't have nothing to produce as far as records were concerned. So along with the assessors and that we ended up deferring to the end of April of '83 in order to give them time to do their last year's income tax, and then they would come in as to whether they'd be taxable or not. So that's where that sits now.

The other concern is, are we going to pay for the year before or what? These are the questions that are just sitting up in mid-air. This is the area of concern that I was disturbed about as a personal thing.

MR. CHAIRMAN: You recognize that these specific concerns deal with taxation and the current structure of taxation and assessment on farm residences depending on income and really does not relate to the Weir Committee Report. It's the administration that you're involved in, in the particular problem. Do you have particular comments to make then about what we should be changing or implementing?

MR. M. MAZURKEWICH: My concern is going back again to the Court of Revision where it was a few years ago, as Court of Revision as such, that you didn't have to deal with figures whether an individual was taxable or not. As now, we went through the partial assessment of municipality and buildings and then what the Act, with the words "may" and "shall," we had to deal with that and then we had to sit down all of a sudden dealing with individuals on figures. Before the Court of Revision wasn't a very straightforward thing but it was a lot different than what it is now. You talk about implementing the new methods here and I do agree that something has to be done; however, we went through process already as far as the Court of Revision is concerned. There was absolutely nothing done in that area and we had to proceed; as a result, the wording that was changed in the Act and again this is an area that concerns me.

MR. CHAIRMAN: Are there any questions then for Morris Mazurkewich? Is that how you pronounce it, Morris? Ma-zur-ke-wich.

Mr. Adam, oh, sorry, no, I had to listen.
Mr. Driedger was first.

MR. A. DRIEDGER: Morris, I just wanted to question you. In looking at the report that's come forward under the Assessment Review Commission, do you basically agree with the recommendations in there or what are your feelings on it?

MR. M. MAZURKEWICH: I agree with a lot of that and like I stated earlier changes are needed. In this day and age when the assessment was first, one for the City of Winnipeg and the other assessment for the Province of Manitoba, at that time I guess like any other thing it was just out of date, it's as simple as that.

MR. CHAIRMAN: Mr. Adam.

HON. A. ADAM: Yes, thank you, Mr. Mazurkewich. Your comments have been recorded in our recording equipment here and your comments in regard to the problems that you have raised with the administration side of the appeal and the Courts of Revision, I will respond to you personally on that question myself.

I would just want to follow up on Mr. Driedger's question, and that is whether you support moving to market valuation as far as assessments are concerned, and what is your opinion on exemptions as recommended by the Weir Committee?

MR. M. MAZURKEWICH: Again, talking about market values and full values and what have you it's, as one is mentioned here, indexing is probably a good thing to look at. I think that I agree with Reeve Phillips on a lot of that as to what should be taking place.

MR. CHAIRMAN: Mr. Banman.

MR. R. BANMAN: Morris, I gather from the comments that you made and the problems you're having at the Court of Revision that one of the major problems is this definition of a farmer and it deals primarily with the residence problem that I guess is causing you, would you say, the most problems right now?

MR. M. MAZURKEWICH: True enough. I know some of them, well, they're borderline cases now, I don't know whether you back to the day when the assessors were out there. Some of the individuals, whether it was not clearly communicated between the two parties or whatever the case may be, the cases that were borderline cases I'm talking about that did come in and make their appearance certainly there wasn't too much time wasted as to the end results of that.

Really, I think it was, just off the top of my mind, about four private, who should have never ever made their appearance in a Court of Revision. It was clear cut.

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

HON. A. ADAM: Yes, your opinion is that if all farm homes were assessed you wouldn't have to deal with that problem. Is that what you say?

MR. M. MAZURKEWICH: You could certainly get away from a lot of that. Now I don't want to go out and make that statement.

HON. A. ADAM: Well, you just did.

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

MR. R. BANMAN: I guess Morris has hit the nail on the head. This is the dilemma I guess the committee and everybody is in, in dealing with this. Some of my friends are for it and some of my friends are against it and I'm with my friends and that's the problem we all face sometimes on this particular issue.

MR. M. MAZURKEWICH: Mr. Chairman, one other area

. . .

MR. CHAIRMAN: Yes, go ahead.

MR. M. MAZURKEWICH: . . . it was on the Intermountain report. Would it be possible to get a breakdown for the R.M. and the Village of Gilbert Plains as far as . . .

MR. CHAIRMAN: I don't know. You could perhaps speak to the staff who were responsible at the end of the meeting and they may be able to give you more particular information.

MR. M. MAZURKEWICH: I notice there's one available for Grandview here and I was wondering whether we can . . .

MR. CHAIRMAN: I suspect that since the statistical base was available for all of Intermountain School Division, individual breakouts would be available, but you should deal directly with the staff for that. Okay? They'll be able to tell what they've got in the computer and what they don't have. Thank you very much, Mr. Mazurkewich.

The next person on the list was —(Interjection)—
Mr. Howard Wilson.

MR. H. WILSON: Mr. Chairman, it seems to me that while it's assessment I'm talking about, it has indirectly or directly coupled up with taxation. I believe, in our present system of assessment, the distance to market - I'm talking about a farm - is not considered.

Also, there's a valuation put on it as to a taxation, but it's classed as market value. Now, market value is a thing that is absolutely indescribable in a sense. You recently have heard probably over T.V. the Greymac Crown Trust and there's another group there - the value of that land just escalated from \$270 million to \$500 million in, I don't know, a couple of weeks.

How in the world can a farmer or an assessor value his own land when he doesn't know what his customer may be for the selling price of that land or the buying of it? I can't see how anyone can put a true market value on it and then assess taxes on that market value.

Productive value is another thing, I think, more relative to what the assessment should be and, of course,

taxation is a different matter which comes under the municipal or city - or whatever it is - body. They levy according to what their needs are.

School tax is a separate thing again. They say school tax should not be on all property. I maintain it should - even the farm home - for the simple reason that product not only of farm homes but urban homes too, the product of those homes are people and those people will occupy condominiums, you name it, or whatever. If it's a manufacturing outfit, people are working in there; therefore, there should be some school tax assessed to that and all property - Mr. Phillips touched on it - and do away with school tax on property. If you did that, I would see the only equitable solution would be either the Federal Government or the Provincial Government or both governments would give to the bodies that are having to supply the teachers for the schools and the costs of operating those schools either directly to them or through their municipal purses. That's the only way I see that that could be eliminated.

I think that's all I want to express now, but I think this is the market and following on from there is my chief concern. I think it should be considered in taxation or assessment which results in taxation.

MR. CHAIRMAN: Thank you very much, Mr. Wilson. Mr. Adam.

HON. A. ADAM: Thank you. Mr. Wilson, I take it that you are not opposed to the market value for assessment purposes, but rather you were questioning whether a market value could be defined. If the market value is fair, if that can be found, are you in favour of moving to valuation and, also, I'd like to get your views on whether you favour the recommendations that would remove the exemptions on farm residences? Those are the two crucial areas; that's why I'm asking this question from everybody.

MR. H. WILSON: Yes, I am, sir.

HON. A. ADAM: That is the nitty gritty of this thing here.

MR. H. WILSON: Yes, just a different means of applying some portions of it.

HON. A. ADAM: Yes, that follows. What is your view then on those two questions? Do you care to . . .

MR. CHAIRMAN: He said he agreed with you.

HON. A. ADAM: You agree with that?

MR. H. WILSON: Yes, that's fine.

HON. A. ADAM: Thank you.

MR. CHAIRMAN: Any further questions, Mr. Adam?

HON. A. ADAM: No.

MR. CHAIRMAN: Any further questions from members of the committee? Hearing none, Mr. Wilson, thank you.

MR. H. WILSON: Thank you.

MR. CHAIRMAN: Mr. Alan Armstrong. Go ahead, Mr. Armstrong.

MR. A. ARMSTRONG: Okay. Earlier on you talked about equality for land taxes right across the province. Equality is fine and dandy, but the small landowners are paying more than their fair share right now; and this new method of taxation, this landowner any place in the province is going to be subsidizing the people living in towns and villages and the City of Winnipeg. Larger populations who have the most votes are going to get a reduction while the rural guys where the costs are higher are going to end up paying more; there's no ands, ifs or buts.

Then you talk about equality. Why don't we have equal gas around here the same as people in Winnipeg? Shopping - they can walk out to their corner store; I've got to drive 10 or 20 miles.

Mr. Adams talked about millionaires not paying their fair share. I'll bet the guys at this head table aren't paying as much as a lot of people out here sitting in the background.

MR. CHAIRMAN: Are there any questions for Mr. Armstrong?
Mr. Ashton.

MR. S. ASHTON: How much are you paying for gas here? We're paying 48.6 in Thompson.

MR. A. ARMSTRONG: We're paying about 45 now, but there's talk - people are getting fuel hauled in from Saskatchewan at 30 cents a gallon, not a litre - cheaper now. Haul it in directly; if you've got enough storage you can do that. Now I don't know whether . . .— (Inaudible)—

HON. J. PLOHMAN: . . . is it that you do not want to see shifts in taxation. I think the Weir Commission said that they did not want to see shifts between classifications, from residential to farm, or the other way around, or to commercial or whatever the case may be. But we are seeing, in the statistical analysis that is done, that in many municipalities that would be the case, there would be a shift from one to the other and that's my concern with the whole report, but we have to deal with the whole problem of assessment and then taxation.

MR. A. ARMSTRONG: Well, the taxes that I'm paying now, I don't like paying them, but I can pay them but according to some of those reports that we had on page 26, if they go up that much, there's going to be a lot of people very unhappy and likely not be able to pay them - like \$2,000 or \$3,000, \$4,000.00. I'm paying about \$3,000 on three quarters and if I have to end up paying \$6,000 or \$7,000, it's going to be a lot of scratching, especially if poorer prices keep up.

HON. J. PLOHMAN: You would say then if it went according to the way the statistical analysis has shown it to be that it would be totally unacceptable.

MR. A. ARMSTRONG: I don't think there would be many taxpayers that would be happy to pay them. They

might pay some of them, but I think there will be some that won't pay and can't pay.

HON. J. PLOHMAN: I agree with you.

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

Mr. Adam Smith.

MR. A. SMITH: Well, I'm getting hungry, so I'll only take a moment of your time. It says here a "fair way to share." I got taxed because my wife was working and four or five of my neighbours never. I can't see where this is a fair share. Why should I be taxed and one of my other neighbours, his wife was making twice as much as mine, and they never got no tax and they weren't the only ones. Now I would like to know why we were taxed and the rest of them weren't. I know it says it's because the wife - the land is in both our names - and the other neighbours weren't, but this still isn't a fair share. His house is worth at least \$30,000 more than mine, so I would like to know why they don't get taxed.

MR. CHAIRMAN: Without going into the intricacies, Mr. Smith, of the current law and to try to keep our comments directed at assessment and the Weir Committee Report, which is where it's supposed to be directed - that's our job, and our job is to give the government the material and the information and a report they need to be able to make decisions to reform the current system - you're coming to us and telling us you have a complaint with the existing system and your complaint is based on the fact that that's the way the law is. That's the current law and what we're here about is to change the law. That's the whole purpose of the Weir Committee Report that was appointed by the previous government and the purpose of these committee hearings by this government is to change the law you've come to complain about, but our changes have to be with assessment.

I understand your problem in terms of whether or not you're assessed and many other people have pointed out that problem, but I can't answer the specific question you're asking as to why you or one neighbour, and I don't think anyone here can, but perhaps some of the members may want to comment. I hope you understand that we can't deal with individual problems under the current law. Our job, in fact, is to get rid of it, because we know that people are in your situation.

Mr. Ashton.

MR. S. ASHTON: Yes, I think a number of people in presentations today made a similar point. I found it quite interesting coming from a non-farming area to see all the inequities in the present system. I think it's good that Mr. Smith has placed it on the record. I think it will be good to take back to the Legislature in Winnipeg, and the MLA's not present here today will be able to understand exactly the kind of thing that is going on presently and why we need to change the system.

MR. CHAIRMAN: Any further questions or comments by members for Mr. Smith?

Mr. Plohman.

HON. J. PLOHMAN: I would just remind Mr. Smith though that this report and the recommendations there would not solve your problem. It would just mean that everyone, all residences, would be assessed and taxed rather than just the guy that's working out of the farm.

MR. A. SMITH: It says all —(Interjection)—

MR. CHAIRMAN: Mr. Blake, did you want to put that on the record?

Mr. Banman.

MR. R. BANMAN: Mr. Blake said it would make him feel better because his neighbour would pay, and the one item that he mentioned is that his neighbour's house is worth a little more so he'd be paying a little more. So I guess if we're looking at fair ways of doing it, you would consider that a fairer way than what we're dealing with right now.

MR. A. SMITH: Right. I got my bill this year and he won't get his until next.

MR. CHAIRMAN: It may not be next year, it may be a few years yet before it all gets changed.

MR. A. SMITH: Thank you.

MR. CHAIRMAN: Thank you, Mr. Smith.
Mr. Cowling had asked to speak?

MR. D. COWLING: I'm getting hungry too, so I'll make it brief.

MR. CHAIRMAN: Proceed, Mr. Cowling.

MR. D. COWLING: I have an interest, of course, in some of the remarks that have been made here with regard to educational finance, but I recognize that those comments ought to be made to another body than this, so I'll stay out of that discussion.

What I would want to point out is that it is impossible, and the statistical analysis have shown that, to bring into the assessment tax base a whole lot of property that previously has been excluded from that base without shifting the tax burden that the mill rate levy against that assessment base will create. You will shift it from one group to another. It's inevitable that you would do so if you bring in property previously not included.

I have made a number of assessments, but in summary I would give this. You have to really analyze it in terms of whether it's municipal or a divisional or a province-wide levy that we're talking about. Generally speaking, when we include in the assessment base farm residences and some portion of farm outbuildings, you inevitably cause shifts within all levels of taxation. If we talk within the municipality, it will tend to shift the tax base, relieve the burden to some extent on operations that are based on a broad land base and a relatively small investment in buildings, and put it on to or increase the burden on those operations with a relatively small land base and a large investment in

buildings - residences and outbuildings. This will be true within the division and it'll have implications of shifting from town to the rural, to the R.M. The percentage of these have been pointed out. I don't want to spend a whole lot of time on that, other than to emphasize that inevitably will happen.

Now, I want to relate that to certain broad, almost motherhood-type issues, which we give lip service to quite often. Let's talk about the small family farm, and we all like to beat our tom-toms and talk about how we'd like to preserve the small family farm.

Everybody has got to have a house. Now presumably a large farm could afford a little better one, but he doesn't necessarily have to build it, but he does have to have a house - so does the small farm have to have a house. When we talk about this kind of shift you are going to, to some extent, increase the tax burden on the relatively small operation acreage wise, who may have to supplement that with a pig barn, or whatever, and you're going to shift within the municipality, also within the division and within the province, you're going to shift the relative burden that those respective operations have to bear.

My house, which is on a relatively large land base, I can spread the cost of that increased house assessment over a large land base and the total implication may not be so severe, but a small farmer who is on one or two quarters with maybe a pig barn out back and some investments in cattle facilities of one sort, silos, or who know what, he's going to be penalized very heavily by this shift in burden. Maybe it's fair, maybe that's the way it should be - I don't want to comment on that particularly at this point - but we must recognize that it will happen and that really it is inconsistent for that to happen if we are truly interested in the encouragement and maintenance of the small family farm, because you're going to put in place a tax redistribution that, in fact, penalizes that kind of operation relative to where we are now. Now, maybe it would be fairer, I don't know - I'm not going to comment on that - but let's recognize that it's going to happen.

The other kinds of general comment I would like to make - I've been involved for probably two or three months in an ongoing hassle over the Gilson recommendations - but it seems to me that what I'm hearing today illustrates how two arms of government can often act at cross-purposes with one another and maybe nullify the effect that each is trying to have. I'm talking about the "payment to farmers" proposal of Dr. Gilson. Its major thrust in appeal to the agricultural community, it seems to me, has been that it would tend to provide a subsidy to the man who puts his barley through his own pigs; that is equivalent to the man who puts his barley on a rail car and sends it to terminal. It's an attempt to provide people who use their grain in that way with some sort of reimbursement that they don't have access to at the moment, when the money is paid totally to the railways.

Now the people who do that - a lot of them - are small farmers with a heavy investment in outbuildings and may be on a relatively small land base as compared to large grain operations. So we're going to feed him a little extra money from the Crow benefit, but we're going to turn around and take it back away from him again through property taxes by increasing the levy that's put against him as a property base.

We were having supper after a rather long meeting last evening and we were talking about this at the table and I said to the fellows, well, what's going to happen in this thing overall is that it's going to take most of most guys' Crow benefit cheque to pay for their increase in property tax, and all we'll have left is a freight rate of about eight to nine times where it is at the moment. I think that's all I wanted to say.

MR. CHAIRMAN: I'm glad you tied the Crow benefit to assessment and I didn't have to rule you out of order.

HON. A. ADAM: He was only making a comparison.

MR. CHAIRMAN: Mr. Cowling, there may be some questions on how the Crow benefit and assessment are tied together.

Mr. Banman.

MR. R. BANMAN: I appreciate your remarks, Doug. This is the difficulty the committee faces, the Weir Committee faced, and everybody, in trying to arrive at some equitable way of doing this. I know from my own experience in my constituency, I've got boiler operators operating on 160 acres of marginal land with five barns on it and paying \$86 with a house that I would say is \$150,000, and a swimming pool. The problem that you have is how do you - in this particular - look at the whole assessment system and try and arrive at something that is a little more equitable, and I guess that's the reason why we're here today and why we're going around.

The majority of people, I think, would say that particular individual, at least, should bear a larger portion of the taxes than he or she is currently doing, because in that particular commodity the order in the marketing system is taking place and costs of production are figured. This becomes another cost of production. So that is the difficulty that we face in trying to set up a model for this.

I guess one of my concerns, and the one thing I think that the committee is going to have to deal with very carefully, is that when you're looking at the transferring out of the residential property taxation within the province that maybe the money that is gained from the farm residence is credited on the farm side of the assessment, which would mean then that the proportioning, instead of using, let's say, an 8 percent proportioning, might drop to 7 percent and thereby the people in the urban communities wouldn't see a drop in the residence rate. It might stay there or go up a little bit but would show a decrease in the buildings and land taxation. I think that's something the committee is going to have to look at very carefully, so that there is not more money coming from the farming community per se under the new system than there is right now.

MR. D. COWLING: That would partly be a concern of mine as well, but I think we still have to recognize that there is a redistribution, not only a provincial and divisional base, but a redistribution that goes right within the farming community itself. Mr. Gilson pointed out over and over again that what they wanted to do was

provide some sort of additional incentive for secondary processing, and I'm sure he had clearly in mind the livestock industry among others, but certainly that was one that was foremost in his mind. It just seemed to me rather ironic that I could suddenly, two or three days ago, get involved in looking at this and finding here's something that looks to me to be going in exactly the opposite direction. I wanted to point that out to the committee and be sure that in your discussions and deliberations that you consider that we do have certain objectives. I think they're legitimate with regard to small family farms, and we ought to be very cautious about putting in place legislative devices that seem convenient, or whatever, that really fly in the face of an overriding objective that is still, in my opinion, legitimate.

MR. CHAIRMAN: Further questions for Mr. Cowling. Mr. Plohman.

HON. J. PLOHMAN: Just a comment. I am very pleased that you made those comments. I had those exact concerns and I imagine a number of members of this committee have. It was actually brought out by Mr. Bucklaschuk this morning when he really inferred that there would be a shift to the small mixed farm - the redistribution that you talk about - and I think that is a major concern and something that makes any action with regard to this report much more difficult and places us in a greater dilemma because of that.

MR. D. COWLING: I also recognize the pressure that will come on, and has been for some time, from other organizations other than rural, suggesting that there are a lot of very valuable residences in the rural areas that should be making a contribution to education and to other financial requirements. I recognize that pressure, but I also want to emphasize that there should be some other pressure on your committee, as well, recognizing what the implications will be of this.

MR. CHAIRMAN: Are there any further questions for Mr. Cowling? Hearing none, thank you very much, sir.

Is there anyone else who wishes to make a presentation before the committee? We've exhausted our list - last call.

Mr. Wilson, you've had your chance.

MR. H. WILSON: I just want to ask one more question if you don't mind.

MR. CHAIRMAN: Go ahead please.

MR. H. WILSON: Just in a few words, what does the Weir Committee Report recommend?

MR. CHAIRMAN: I think perhaps, Mr. Wilson, what we could do is give you a copy of the summary recommendations. There is a summary of the thick report - no, a smaller document - this document, rather than asking you to wade through two and one-half inches, this is only half an inch.

As well, perhaps the staff could arrange to see that you get a copy of Mr. Bob Clarkson's introductory remarks. Mr. Clarkson introduced, in 10 minutes, a five-page summary of the report which will be even easier to read than this.

In addition —(Interjection)— Is there something further?

MR. H. WILSON: I was just going to thank you and I'd appreciate a copy of it.

MR. CHAIRMAN: I'll see that some arrangements are made to get a copy of Mr. Clarkson's remarks or the summary.— (Interjection)— I'm just going to come to that, if you'll all hold off for just a second, there's a couple of other items we should attend to.

The first one is that if anyone, who was not prepared to speak today, wishes to send comments on the Weir Committee Report or on the detailed Statistical Analysis, please send them to me, Andy Anstett, Chairman of Municipal Affairs, Legislative Building, Winnipeg. Okay. We will receive your briefs at any time. We want your comments. That's the first thing.

The second one is that additional copies for municipal councillors or anyone else, who was not here today, who wishes a copy of that statistical analysis, will be available from the Department of Municipal Affairs - you need only write to them in Winnipeg.

As well, you'll notice we've recorded and we will be transcribing all of these hearings. Everyone who has made a presentation will automatically be mailed a copy of the transcripts and all municipal councillors and Reeves will get a complete set of the transcript, which will include four copies of Bob Clarkson and Bob Brown's presentations, because they're doing it at each meeting. You'll get all four transcripts, but their presentations are at each meeting - we're starting off with that - so you'll get that as well.

So beyond that I would like to thank all of you for being here today. We've appreciated your coming out because you're being of great assistance to us.

Thank you very much.