



**Second Session — Thirty-Second Legislature**  
of the  
**Legislative Assembly of Manitoba**

**STANDING COMMITTEE**

on

**MUNICIPAL AFFAIRS**

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31 Elizabeth II

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*Chairman*  
*Mr. A. Anstett*  
*Constituency of Springfield*



MG-8048

**VOL. XXXI No. 5 - 10:00 a.m., THURSDAY, 27 JANUARY, 1983.**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Second Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, Hon. A.R. (Pete)</b>	Ste. Rose	NDP
<b>ANSTETT, Andy</b>	Springfield	NDP
<b>ASHTON, Steve</b>	Thompson	NDP
<b>BANMAN, Robert (Bob)</b>	La Verendrye	PC
<b>BLAKE, David R. (Dave)</b>	Minnedosa	PC
<b>BROWN, Arnold</b>	Rhineland	PC
<b>BUCKLASCHUK, John M.</b>	Gimli	NDP
<b>CARROLL, Q.C., Henry N.</b>	Brandon West	IND
<b>CORRIN, Brian</b>	Ellice	NDP
<b>COWAN, Hon. Jay</b>	Churchill	NDP
<b>DESJARDINS, Hon. Laurent</b>	St. Boniface	NDP
<b>DODICK, Doreen</b>	Riel	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOLIN, Mary Beth</b>	Kildonan	NDP
<b>DOWNEY, James E.</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>ENNS, Harry</b>	Lakeside	PC
<b>EVANS, Hon. Leonard S.</b>	Brandon East	NDP
<b>EYLER, Phil</b>	River East	NDP
<b>FILMON, Gary</b>	Tuxedo	PC
<b>FOX, Peter</b>	Concordia	NDP
<b>GOURLAY, D.M. (Doug)</b>	Swan River	PC
<b>GRAHAM, Harry</b>	Virden	PC
<b>HAMMOND, Gerrie</b>	Kirkfield Park	PC
<b>HARAPIAK, Harry M.</b>	The Pas	NDP
<b>HARPER, Elijah</b>	Rupertsland	NDP
<b>HEMPHILL, Hon. Maureen</b>	Logan	NDP
<b>HYDE, Lloyd</b>	Portage la Prairie	PC
<b>JOHNSTON, J. Frank</b>	Sturgeon Creek	PC
<b>KOSTYRA, Hon. Eugene</b>	Seven Oaks	NDP
<b>KOVNATS, Abe</b>	Niakwa	PC
<b>LECUYER, Gérard</b>	Radisson	NDP
<b>LYON, Q.C., Hon. Sterling</b>	Charleswood	PC
<b>MACKLING, Q.C., Hon. Al</b>	St. James	NDP
<b>MALINOWSKI, Donald M.</b>	St. Johns	NDP
<b>MANNES, Clayton</b>	Morris	PC
<b>McKENZIE, J. Wally</b>	Roblin-Russell	PC
<b>MERCIER, Q.C., G.W.J. (Gerry)</b>	St. Norbert	PC
<b>NORDMAN, Rurik (Ric)</b>	Assiniboia	PC
<b>OLESON, Charlotte</b>	Gladstone	PC
<b>ORCHARD, Donald</b>	Pembina	PC
<b>PAWLEY, Q.C., Hon. Howard R.</b>	Selkirk	NDP
<b>PARASIUK, Hon. Wilson</b>	Transcona	NDP
<b>PENNER, Q.C., Hon. Roland</b>	Fort Rouge	NDP
<b>PHILLIPS, Myrna A.</b>	Wolseley	NDP
<b>PLOHMAN, John</b>	Dauphin	NDP
<b>RANSOM, A. Brian</b>	Turtle Mountain	PC
<b>SANTOS, Conrad</b>	Burrows	NDP
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<b>SCOTT, Don</b>	Inkster	NDP
<b>SHERMAN, L.R. (Bud)</b>	Fort Garry	PC
<b>SMITH, Hon. Muriel</b>	Osborne	NDP
<b>STEEN, Warren</b>	River Heights	PC
<b>STORIE, Jerry T.</b>	Flin Flon	NDP
<b>URUSKI, Hon. Bill</b>	Interlake	NDP
<b>USKIW, Hon. Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, Hon. D. James</b>	St. Vital	NDP

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON MUNICIPAL AFFAIRS**

**Thursday, 27 January, 1983**

**TIME - 10:00 a.m.**

**LOCATION - Winnipeg, Manitoba**

**CHAIRMAN - Mr. Andy Anstett (Springfield)**

**ATTENDANCE — QUORUM - 6**

*Members of the Committee present:*

Hon. Messrs. Adam, Bucklaschuk, Kostyra and Plohman

Messrs. Anstett, Banman, Blake, 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. Arthur Doering, Private Citizen

Mr. Stephen Olnick, Manitoba Beekeepers Association

**MATTERS UNDER DISCUSSION:**

Report of the Manitoba Assessment Review Committee (M.A.R.C.- WEIR Report)

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**MR. CHAIRMAN:** Gentlemen, we have a quorum. Committee come to order, please. Before we proceed, if there is anyone in the audience who wishes to make a presentation to the committee today who is not registered with the Clerk of Committees, would you please register with one of the gentlemen standing at the back, one of the committee staff standing at the back of the room, and that information will be passed on to the Clerk.

Ladies and Gentlemen, as you are aware, this meeting was called as part of a series of public meetings being held by the Standing Committee on Municipal Affairs to elicit views on the question of municipal assessment.

The authority for these hearings is contained in a resolution passed by the Legislative Assembly at the last Session. The resolution reads as follows:

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

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

THEREFORE BE IT RESOLVED that the Standing Committee on Municipal Affairs be authorized to elicit

the views of the citizens of Manitoba with respect to the report by holding such public hearings as may be deemed advisable; and

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

That's the authority for the hearings we have been holding this week. The Minister will be speaking in a moment to introduce and give you an overview of the process through which the government has proceeded during the last year or so. Before we do that, I'd like to introduce the members of the committee who are here today.

Immediately on my left, the Honourable Pete Adam, Minister of Municipal Affairs; at the table on the left, the Honourable John Plohman, Minister of Government Services and Member for Dauphin; beside Mr. Plohman, the Honourable John Bucklaschuk, Minister of Consumer Affairs and Member for Gimli; beside Mr. Bucklaschuk, the Honourable Eugene Kostyra, Minister of Urban Affairs.

On the far side of the table starting at the far end, the Member for Gladstone, Charlotte Oleson; the Member for Minnedosa, Dave Blake; the Member for Pembina, Don Orchard; the Member for Morris, Clayton Manness; the Member for Swan River, Doug Gourlay; the Member for La Verendrye, Bob Banman; the Member for Emerson, Albert Driedger. Sitting on the far side against the wall, the Member for Portage la Prairie, Lloyd Hyde; the Member for Turtle Mountain, Brian Ransom; the Member for St. Norbert, Gerry Mercier. Not all those members are on the committee, but since all members are entitled to attend all meetings of Standing Committees, there will be other members here from time to time.

I'd like to call on the Minister of Municipal Affairs, the Honourable Pete Adam to give you a brief overview of the process and also to introduce his staff who are going to be making presentations today.

**HON. A. ADAM:** Thank you very much.

Mr. Chairman, Members of the Standing Committee, Ladies and Gentlemen, in April of this year, I was pleased to receive the final report of the Manitoba Assessment Review Committee. This committee, chaired by Mr. Walter Weir, was appointed by an Order-in-Council on July 25, 1979. The committee was directed to inquire into and report on all aspects of real property assessment in Manitoba.

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

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

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

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

In this latter regard, I might mention in particular the obvious connection that must exist between the review of education financing that is being carried out within the Department of Education and our own evaluation of the assessment system upon which much of education financing is based. I believe we are now at a point in time where our first course of action, that of the technical evaluation of the impact of the recommendations, has reached a stage where we can commence the second course of action - that of public consultation.

I recently forwarded to all municipalities and school divisions, and to all those individuals who have made submissions to the Assessment Review Committee, a copy of a staff document providing a statistical analysis of the impact of implementing several of the major Review Committee recommendations. There are additional copies available for those who do not have one at this time.

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. 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 we will continue to welcome further advice on the subject.

I would point out, Mr. Chairman, that the terms of reference of the Standing Committee is to deal with assessment only and dealing with the recommendations of the Weir Committee Report. We are not here as a Court of Revision or to deal with the other aspect or the other question of property taxes and so on. We are here only to deal with the problems that are involved in the assessment system.

At this time I would like to introduce some of my staff that we have with us here today. On my immediate left is Gerry D. Forrest, my Deputy Minister; on the far table at the far end is Mr. Jake Reimer, the Provincial Assessor; in the centre is Mr. Bob Brown, Co-ordinator of Research for the analysis; in addition to my own staff I am pleased to introduce Mr. Bob Clarkson - Mr. Clarkson served as Secretary to the Manitoba Assessment Review Committee and is here today as a representative of that committee.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Thank you very much, Mr. Minister. I'd like now to call on Mr. Bob Clarkson, the former

Secretary of the Manitoba Assessment Review Committee which produced the Weir Report, to provide us with an overview of the major recommendations of that report.

Mr. Clarkson.

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

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

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

First, to analyze the existing assessment levels, existing legislation and the results that would occur if the assessment was brought up-to-date in accordance with existing legislative requirements. This analysis showed that an updating of 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 under existing legislation would result in a 63 percent increase in taxes paid by the farm category, a 5.6 percent increase for single family residential property, a 41.2 percent decrease for multiple residential property and a 12.2 percent decrease for commercial and industrial property.

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

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

The second matter that was hoped would be accomplished by the initial research and activities was to obtain suggestions and statements of concerns from others. It came forcibly to the attention of the

Assessment Review Committee as a result that very few people had any understanding of the assessment process, or even in fact as to how their own property was assessed. The 164 recommendations made by the Assessment Review Committee all relate to a concept and basic principle adopted by the committee, as a result of their many meetings with provincial officials in Manitoba, and with municipal councillors, as well as their meetings with officials in Alberta, British Columbia, Saskatchewan and Ontario and the submissions received at public hearings.

These discussions and submissions convinced the committee that the assessment process must, if it is to be fair and acceptable, become a system which the public understands and into which the public can have a significant input in order to ensure its accuracy and acceptance.

It is the opinion of the Assessment Review Committee that the assessment system must involve first, the valuation of all property in the province, a valuation that is maintained in such a manner as to be understood by the public, and subject to 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.

No. 3, the setting of an assessed value, using various portions of the valuation of all property in the province that would generate an assessment, which results in acceptable and fair distribution of property taxes between the various classes of property. This concept reflects a basic view of the committee that unless you know what your tax base is worth and what the property is being used for, you cannot make rational decisions in respect to the fair sharing of the tax load and the capacity of that tax base to provide the taxes required.

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

One of the statements that was put forward many times in discussions with the committee was that a house is a house is a house. That is to say, it doesn't matter where 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, 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 was located in the city, may be worth \$100,000 and should in the city be assessed accordingly.

Present assessment legislation provides that the 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 under existing

legislation to be provided for all assessed buildings. The committee's review of assessment history indicates that this one-third exemption was introduced and it appears was related to the full exemption of all farm buildings from assessment and taxation. This exemption of farm buildings has, because of changes in farming methods and practices, resulted in some of the greatest inequities within the assessment system, not inequities between urban residents and farm residents but among the farm residents themselves.

The farmer that makes a good living off his farm at present doesn't have to pay taxes on his farm home. The farmer who must supplement his farm income by off-farm employment must, if he earns income in excess of his farm income, pay taxes on his home. The farmer with large landholdings and relatively few buildings pays full taxes on his major investment in land, whereas a farmer with small landholdings and a large investment in buildings, quite possibly with a total investment equal to or in excess of the investment of the farmer with large landholdings, presently pays taxes only on his small landholdings. These inequities, plus the impossible task of requiring an assessor to ascertain who was in fact a farmer, a fact that could and often did change from year to year, led to the committee's recommendations to remove the exemption of farm homes and to exempt farm outbuildings only to the extent of the value of the parcel of land on which they are situated.

At the same time, the one-third exemption to which all other buildings are entitled should be removed. These recommendations were not designed to transfer any tax load on to the farm classification from the residential and other classifications, but rather to remove existing inequities within each of those classifications.

The majority of the 164 recommendations of the committee relate to how the valuation process should be done to ensure public understanding, the appeal process and mechanism required to ensure public input and acceptance, and how those valuations can then be used to provide the desired level of assessment for each class of property.

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

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

In the report, samples were provided showing the effect of applying the Education Support Levy at the residential rate on the first \$50,000 of value of commercial and industrial property. The rate on values in excess of \$50,000 is 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 benefits 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 1/2 percent. This calculation is contained in Schedule IV of the Assessment Review Committee Report. The figures in that schedule 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 the single independent authority would revitalize the assessment system, ensure a better atmosphere for uniformity in the valuation of property and would, in the long run, prove to be the most cost-effective way of providing the up-to-date valuation system required.

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

As a provincial average, 50 percent of the current real property tax bill ignores municipal boundaries. The Manitoba Assessment Review Committee considered it to be essential that the system introduced must create a fair way to share, a way that would not only be fair, but 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 that you're only paying your fair share.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Thank you, Mr. Clarkson. I'd now like to call on Mr. Bob Brown from the staff of the Department of Municipal Affairs to provide the committee and the public with an overview of the methodology used by the department in its Weir analysis, that is, the blue-covered document which I trust most of you have —(Interjection)— sorry, green-covered document - I'm colour blind this morning - which most of you I believe have or have received either at the door or in the mail. This document is an analysis of the recommendations which Mr. Clarkson just outlined. I'll turn the floor over to Mr. Brown.

After he's finished, we'll have a question and answer period so that members of the public will have an opportunity to get factual information and technical details from the two staff who are present here today.  
Mr. Brown.

**MR. B. BROWN:** Thank you, Mr. Chairman. As the Minister of Municipal Affairs indicated, he asked staff of the department to design a method by which the

impact of implementing the Weir Report could be tested. The staff of the department studied the report and concluded that there were three or four major recommendations that would have the greatest impact on all property owners in Manitoba. The majority of the recommendations deal with detail of the assessment process related to specifics of the type of information that goes on the roll, the appeal procedures and so on, and although they are important, do not have the major impact that we feel the ones that I'll mention will have.

The four major recommendations tested, starting with No. 1, the concept of valuation. The Weir Committee felt that the first step towards making the assessment system equitable would be to update the current assessment values to near-market level. The committee also concluded that the market level. The committee also concluded that the market level type of evaluation would be a major step forward in making the system understandable to the public.

The second major recommendation we looked at was the concept of portioning. As Mr. Clarkson mentioned, moving strictly to market level valuation would result in large shifts in the assessment and thereby taxation from one class of property to another. The concept of portioning or using only a percentage of the market level value of assessment was therefore examined by our staff.

The third major area of recommendations looked at had to do with the removal of the exemption on farm residences and the partial removal of the exemption on farm outbuildings. The Weir Report recommended that all residences become taxable, regardless of occupation of the owner. It was also recommended that outbuildings become taxable subject to an exemption based on the value of the site on which the outbuildings are situated.

The fourth major recommendation built into our evaluation had to do with the taxation levels on commercial enterprises. As Mr. Clarkson indicated, the first \$50,000 of building value was to be taxed at the residential rate for purposes of the Education Support Levy; value above \$50,000 would continue to be taxed at the commercial rate. On this specific recommendation I should mention that to test it totally fairly, one would need to have a total reassessment of the commercial classification and to get the detailed breakdown required. We did not have that. The impact on the figures that you see in the green book are to overexaggerate the increase that would occur on the larger businesses. The statistics shown for the smaller businesses would be reasonably accurate. The increase, however, would be shared on a province-wide basis rather than on a school division basis within our model. I might mention the methodology employed related to the use of assessment staff, municipal services staff, and the computer facilities of the Municipal Services Branch within our department.

Four sample areas were chosen within which to measure the impact of the recommendations. Those sample areas were the Hanover School Division, the Antler School Division, the Intermountain School Division, and the St. James-Assiniboia School Division.

Some of the material has been completed, compiled and presented in the green book. Additional research is going on trying to refine that material further. The

Intermountain statistics were not available at the time of printing of the green book; they are now available and the Clerk of the Committee has some at the front desk. If you have picked up a green report while you were here, I believe she has incorporated them into the report.

Also this morning, we have further information on the table on Page 33 relating to St. James-Assiniboia School Division. There is now further refinement of the commercial taxes found at the bottom of that page; that information is also available from the Clerk of the Committee.

Choice of the sample areas: First of all, it was our opinion that they represented a cross section of the Manitoba land-use pattern - the small holdings, livestock-intensive farms of the Hanover School Division, the grain farming area of Antler River, the Intermountain area represented by the Grandview municipalities, and the urban area within the St. James-Assiniboia School Division.

The second reason related to the availability of data: The recommendations, in particular those relating to bringing on farm residences and farm outbuildings, require in most areas of the province considerable field work by the assessors. Some of that information was on hand within the sample areas so that also influenced our choice. I'd like to quickly run through the methodology employed and I think it would help in understanding the statistics you will find in the green report.

Step one in the exercise was to start with the 1982 assessment roll for each of the sample school divisions.

Step two was to incorporate the recommendations of the M.A.R.C. Report that would bring on new assessment onto the rolls. Basically, this consisted of adding on the farm residences and the farm outbuildings minus their exemptions to the existing assessment rolls.

Step three in the exercise was to implement the valuation step - updating assessments to the 1979-80 levels of value. According to the recommendations of the report, we used the principle of using the past two years sales datum and factors developed by the assessment offices of the province and the city.

Step four consisted of using the portions as specified in the Weir Report to determine what assessment would be subject to taxation. The Weir staff in their studies estimated that 8 percent of the total value of farm property in the province, 15 percent of the total value of residential property and 16 percent of the total value of the other classification would result in the same ratio of assessment between those classes as currently exists. Those were the figures that were used in our green book as well.

Step five in the exercise was to examine the '82 budgets of the municipalities, the school division and the requirements of the Education Support Program. With those budgets in hand, the revenue requirements within each of the sample areas could be determined.

Step six was to take a look at those budgets in the light of the new assessment base that we had calculated. Mill rates were then calculated for each of the municipalities, the school divisions for special levy purposes and their respective local new share of the Education Support Program.

With that information on hand, it was simply a matter of picking sample properties within each of the areas

tested. By the choice of the sample properties we again tried to get a cross section of the type of properties and you would find, for instance, what is described as vacant farmland basically would be quarter sections of farmland that has no building development on it. We also took a look at the impact on mixed farms, grain farms and livestock-intensive farms. Statistics are in there for single family residences, and as you go into the urban centres, as well for multiple-family residences and larger commercial enterprises.

Thank you, Mr. Chairman.

**MR. CHAIRMAN:** Thank you, Mr. Brown. Are there any questions for either Mr. Brown or Mr. Clarkson regarding the detailed analysis or the original Weir Report?

Mr. Banman.

**MR. R. BANMAN:** Thank you, Mr. Chairman. Mr. Clarkson, it has become apparent over the last three days in talking to mostly the farm community in rural Manitoba and the people in The Pas that the majority of farmers are very willing to pay their fair share of the taxation burden with regard to real property. However, one thing that has arisen and has caused a lot of problems with people in the farm community is the fact that the green book really indicates that the farm community, as far as a percentage of the total real property taxes, will have that burden increased. In other words, the farming population of Manitoba will be paying more taxes according to the green paper than they would under the current system. Was that the intent of the M.A.R.C. Report? In other words, is there a system whereby you think that particular problem that the green book highlights can be rectified?

**MR. B. CLARKSON:** Thank you. Certainly it was not the intent of the Assessment Review Committee that the farm classification would pay any more taxes than what they do at the moment. The recommendations of the committee are basically that the portions that are utilized of the valuation should be set to maintain initially exactly the same distribution of taxes as presently exists. The M.A.R.C. Committee basically felt that you could not make a definitive judgment as to what those portions should be for the sharing of taxes until you had, first of all, removed the inequities that exist within each class at the present. Once those inequities are removed and you know exactly what you have to work with, then you can make rational judgments as to whether or not there should be any shift of taxes from one class to another.

The staff, in preparing the green book, had no choice but to utilize the portions 8, 15 and 16 that we had suggested were appropriate. Our suggestions were based on 1979 assessments and 1979 valuations. The M.A.R.C. Report is looking at '82 tax levels. There could well be changes in the requirement of the portions in that time frame due to changes in valuation and changes in level of taxations in the various jurisdictions and the various classes of property.

Another factor that affects it, and affects it quite dramatically, is that the Assessment Review Committee were unable to obtain a separation in valuation between residential property on the farms and outbuilding valuations on the farms. The figures that were available

to the committee were only for the total valuation of all the property on the farms. Therefore, no adjustment has been made in the M.A.R.C. Report and, likewise, in the green book for the tax levels and taxation that would occur on the farm residences.

In transferring those farm residences into the residential category, the tax payments have also been transferred, and the farmland, farm outbuildings, have been left to raise the same amount of taxes as was previously raised in that category without providing any credit to that category for the taxes paid by the farm residents. That would have to be adjusted and would result in a different portion than is being used in both the M.A.R.C. Report and in the green book.

**MR. CHAIRMAN:** Mr. Banman.

**MR. R. BANMAN:** In other words, what you are saying is that the way the formula has been applied in the green book, the Manitoba farm population will be picking up a larger percentage of the real property taxes right across the province. That's what the green book points out, if you use the figures the way they are now.

**MR. B. CLARKSON:** That is certainly what the green book points out, but I must say it is definitely not the recommendation of the committee that should occur.

**MR. R. BANMAN:** Well, Mr. Chairman, I just want it very clear that myself, and I speak on behalf of my colleagues, will not support or will vehemently oppose any move or proposal which will see an increase in the total percentage of real property taxes currently paid by Manitoba farmers.

I think we've had an indication by the farming community that they are ready to pick up their fair share, but I think what should happen is that when we're dealing with this particular subject matter, as we have in the particular models in Hanover and Steinbach and some of the other communities, that particular problem which we face now, where the farmers will be paying towards the residential taxes for all of Manitobans, there should be some alterations made in this book to reflect that, because I would not be able to support that type of a program and I'm happy to see that the M.A.R.C. people did not have that as an intent in their original submission.

**MR. CHAIRMAN:** Further questions for Mr. Brown or Mr. Clarkson?  
Mr. Kostyra.

**HON. E. KOSTYRA:** Thank you, Mr. Chairman. My question is for Mr. Clarkson.

The City of Winnipeg, in its representation to the Weir Committee, requested that the current situation that is in legislation with respect to the assessment for the CPR railway in the City of Winnipeg, wherein that legislation provides at the present time for the CPR rail holdings in the old City of Winnipeg to be assessed at the level of 70 percent. The City of Winnipeg had recommended to the Weir Committee that that be changed to reflect 100 percent assessment.

In reviewing the committee's report, I note that the committee says it merely brings to the attention of the

Government of Manitoba this recommendation, without any specific recommendation with respect to it, and it's noted that the committee said it did not feel it was in a position to make a recommendation with respect to CPR assessment in the City of Winnipeg.

Could you explain to me why the committee did not feel it was in a position to make a recommendation with respect to this exemption, while at the same time the committee made recommendations with respect to all other exemptions, either that they continue or that they be altered with some specific instructions or specific recommendations.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The committee's feeling with respect to the agreement with the CPR was that it is in place at the moment as a result of a contractual agreement between the city and the CPR, a contractual agreement that is approved by an Act of the Legislature, and as such, it was not within the jurisdiction of the committee to alter that contractual agreement. The committee sympathized with the city's position on it and suggested that the only recourse was to renegotiate that agreement and hopefully obtain a better deal, but they could not step in, they did not feel, and make a specific recommendation to change it without that negotiation occurring.

**HON. E. KOSTYRA:** Yes, thank you, Mr. Chairman. Mr. Clarkson, you indicated that the reason the committee felt there ought not to be any specific recommendation change was because of a contractual agreement between the CPR and the Government of Manitoba. I'm not aware of that agreement and all that exists is legislation which should change the previous exempt status of CPR; and just related to that, yesterday, we discussed or I asked you questions related to the general legislation that exists with respect to railway rights-of-way that wherein that legislation, the assessment has been maintained at levels that were established in 1948 and have not been changed since that time.

In that regard, you had indicated that the committee did make suggestions that legislation be changed to reflect today's values rather than 1948 values, so why would you differ in the treatment with respect to CPR holdings in the City of Winnipeg and holdings of railway companies with respect to rights-of-way in other parts of the province?

**MR. B. CLARKSON:** I think the basic difference between the two situations is that the 1948 level of right-of-way assessment that exists throughout the province is strictly a legislative arrangement. The government has had the power to adjust those rates and has not done so since 1948.

In the case of the agreement, and I maintain it is an agreement with the City of Winnipeg; it is an agreement between the City of Winnipeg and the CPR, which initially provided for no assessment and taxation whatsoever.

As a result of negotiations between the city, the province and the CPR, that agreement was altered to provide that the CPR would gradually move towards



the situation of picking up full taxation, and that arrangement or negotiations, that agreement that was reached between the three parties was then ratified by legislation to put it into a place. It is legislation that exists because of a negotiated agreement. The committee's opinion was that the correct method to change that if it was desired was again by negotiations between the three parties.

**HON. E. KOSTYRA:** No further questions.

**MR. CHAIRMAN:** Mr. Gourlay.

**MR. D. GOURLAY:** Thank you, Mr. Chairman.

Further to the questioning and the answers by my colleague, Mr. Banman, and the answers given by Mr. Clarkson, I'd like to direct a question to the Minister with respect to the green report and ask him if he would not agree that further explanation or clarification of the green book is necessary; otherwise, it distorts the recommendations provided by the Assessment Review Committee.

**MR. CHAIRMAN:** Order please. Mr. Gourlay, the purpose of the initial question and answer period was to elicit factual and technical information from staff. In terms of questions to the Minister and debate within the committee, I think that would be appropriate after we finish the technical questioning of staff and finish the public briefs. Otherwise we would start a debate in committee before we've finished our presentations and the public is here today to make presentations to the committee. I would suggest that we await questioning and debate within the committee until after that time.

Mr. Gourlay.

**MR. D. GOURLAY:** Well, Mr. Chairman, I think it's important to the public that are here today and unfortunately we missed another three meetings to maybe clarify this point. These green books have been sent out all over the province. The Assessment Review Report has also been sent out over the province, and now from the answers given here today and yesterday, it's very obvious that people were originally prepared to agree that the Assessment Review Report has a lot of good material in it. Now the green book distorts that information.

I think there should be some clarification given now when these people are here and can hear that, and I think the Minister should make a comment at this time on it.

**MR. CHAIRMAN:** Mr. Minister.

**HON. A. ADAM:** Yes, I don't mind responding. The fact is that the green book, as I understand how it has been compiled and analysed, is actually what is in the report. Mr. Brown and Mr. Clarkson have substantiated that, that they used the information that was in the book that was available to them to undertake the analysis. Now if this book - as Mr. Clarkson has said, it wasn't an intent to transfer more property taxes to the farm sector, that's what the book says, as far as our staff is concerned.

Now if the report has to be changed, that's a different matter. But the staff that worked on this to come up with an analysis used only the information that they had available to them in the report, so I fail to see why we should get into a discussion as to the analysis that was done with the information that was obtained in the report.

**MR. CHAIRMAN:** Gentlemen, the primary purpose of the question and answer period was to allow the public and members to elicit technical and factual information. If there is some discussion as to whether or not the analysis accurately reflects the report's recommendations, perhaps it would be appropriate to direct questions to Messrs. Brown and Clarkson to determine exactly what the analysis reflects, and if those answers provide the impression, as the member suggests, that it's not an accurate reflection, then that's a conclusion the committee can come to, but perhaps it's appropriate to allow them to answer the question. Mr. Brown has indicated that he may have something to offer that might shed on Mr. Gourlay's concerns.

Mr. Brown.

**MR. B. BROWN:** Mr. Chairman, I might indicate, in looking at the statistics produced by the green book, I don't think there's any disagreement among the Weir Committee staff and ourselves that the green book has implemented the report as written. The statistics that come out of the analysis may indicate that the accuracy of the estimates of 8, 15 and 16 percent may not be adequate to maintain the current relations of assessment that exists as of today. They don't offer a comment as to whether it was the intent of the Weir Committee to do so or not, they simply are the choice of the information that was available at the time.

It might indicate that the choices of 8, 15 and 16 were not accurate enough estimates to do that job and it may also indicate that in determining the relationships that exist at this time, there is a discrepancy in fact between the farm classification, the residential classification and the occupants who fit those categories.

The Weir Report recommends maintaining the assessment ratios between those classes of property, but the information is that the occupant of the property, the farmer, now occurs in both classes of property. And to the extent that he has a residential dwelling that comes on the assessment rolls for the first time, he may see an additional increase in taxes, but that is occurring under the residential class. It may mean that the ratios have to change.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** Further to what Mr. Brown has just said, I'd like to point out another problem in looking at it. One is that while the Assessment Review Committee's percentages and recommendations are based on maintaining the existing distribution of the assessment base and tax load between the classes of property, on the basis of the province as a whole, those figures are based on the assessment total taxation distribution for the whole province.

The utilization of the percentages could result in slightly different results in individual municipalities.

Some municipalities will find that the farm portion of the tax bill will go down; in others it will increase, depending on the actual level of the assessment to market value that exists within each individual municipality.

So while the recommendations of the committee are designed to ensure that there is no transfer of taxation between classes of property over the province as a whole, there could result in a transfer of taxation within individual municipalities. The only thing I would caution is, that reflects not an inequity in the recommendation, but an inequity in the existing assessment that needs to be corrected.

**MR. CHAIRMAN:** Mr. Gourlay.

**MR. D. GOURLAY:** I appreciate the explanations given by both Mr. Brown and Mr. Clarkson. That certainly clarifies the position for all those people that are in range to hear that explanation, but the green book has been sent out to many people in the province, as well as the Assessment Review Committee's Report. Without the further explanation, the green book really distorts the committee's recommendations. On the basis of the limited information that's available on the test case, and in view of the explanations given by Mr. Brown, it can't help but distort some of the recommendations, because all of the information is not completed on the province.

**MR. CHAIRMAN:** Do you have a further question for staff, Mr. Gourlay?

**MR. D. GOURLAY:** I just want to reiterate what Mr. Clarkson has said in his remarks when he opened up in saying that, "These recommendations were not designed to transfer any land tax load onto the farm classification from the residential and other classifications, but rather to remove existing inequities within the classifications."

Then in the summary of the green book, it clearly states, on Page 36, and this is printed for everyone to read, the summary, "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. The urban municipalities sampled, on the other hand, experienced an increase in residential property taxes and a decrease in other property taxes."

All I'm saying, Mr. Chairman, that as long as the people understand the explanation given why these two are sort of contrary to one another, that's fine, then they can judge for themselves. But without that explanation, they don't know that.

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Mr. Chairman, Mr. Gourlay says that they're in conflict with one another, the green paper and the report, but they are not.

Mr. Clarkson is saying that it was not the intention of the committee that there be more taxes on farm property, but the data that was in the report reflects that now. The report did not mention that the percentages could be changed from 8 to 7 1/2 or 7

percent for farm property, and that's where the difference comes in. Our staff had to use their information because their instructions were to take the recommendations in the report and apply them to the test models that they were undertaking. It was not their terms of reference to go out and find other alternative percentages to do that. They just took the information that was available to them. I don't think that the staff should be criticized for the work that they have done.

**MR. CHAIRMAN:** Mr. Gourlay.

**MR. D. GOURLAY:** Mr. Chairman, I want to make it abundantly clear, I'm not criticizing the staff, I think they did an excellent job with the parameters they had at their disposal to work with. I think it's up to the Minister to have made the necessary clarifications before this information went out to the public.

**MR. CHAIRMAN:** Are there further questions for staff from members of the committee or the public.

Mr. Plohman.

**HON. J. PLOHMAN:** Mr. Chairman, I think this discussion clearly indicates, and I want to ask a question of Mr. Clarkson and get him to comment further, it clearly illustrates the need to have done a statistical analysis, this green book, because it shows clearly the implications in selected municipalities and school divisions of recommending the Weir recommendations with regard to portioning, 8, 15 and 16 percent that were used, the implications that they would have on those particular municipalities and school divisions.

I think Mr. Clarkson has clearly indicated, he has indicated again here today and he has indicated on several occasions throughout the hearings that we've had over the last few days in response to questions that I asked him, that there would be shifts in municipalities and conceivably could be, he certainly admitted that, that there would be shifts from residential to the farm community. So there is nothing distorted about this and I would ask Mr. Clarkson to confirm that he, indeed, was aware that there could be, and that the Weir Commission was aware that there could be, shifts in individual municipalities, notwithstanding that there might need to be changes with regard to the portioning formula.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** Thank you, Mr. Chairman. The committee certainly recognized the fact that there would be shifts within individual municipalities, because there is a great variance in assessment levels between individual municipalities at the moment and until those variances are corrected there can be no firm figure established to know exactly what the portion should be.

The committee recommended that the portions to be utilized should be those that would be appropriate to maintain the existing assessment levels throughout the province as a whole. They utilized the 8, 15, 16 as examples as what was appropriate for 1979 figures. They indicated that the actual figures that would be utilized or should be utilized would be those that would

be appropriate at the time it was implemented. You can't make a calculation of what those portions should be unless you have the full valuation of all property in the province.

We had estimates of the full valuation of all the property in the province at 1979 levels. The staff preparing the green book did not have at their disposal full estimates of valuation of all property in the province at the 1982 level, so I sympathize with them in saying that they really had no choice but to fall back on utilizing portions that we had used in our study.

**HON. J. PLOHMAN:** Would it be fair to say then, Mr. Chairman, to Mr. Clarkson, that no matter what the figures, if they were updated, that there would be in certain municipalities even if we are using 1979 figures - but at any rate whatever figures we use, if they were 1982 figures, there could conceivably be, in municipalities, a shift onto the farm community simply because there would be property, if other recommendations were recommended, there would be property that would be on the tax rolls that isn't currently on there, significant property and that is with regard to farm outbuildings.

**MR. B. CLARKSON:** That is a factor. It's also a factor that in increasing your existing assessment to current levels of value at times, in some municipalities, that assessment is required to be multiplied by four, in other municipalities that existing assessment needs to be multiplied by ten, and in a few instances as high as 20 in order to obtain existing valuation. With those types of differences existing in existing assessment, you then fall back on utilizing one standard portion throughout the province as a whole. There is certainly going to be shifts within individual municipalities in correcting the inequity that presently exists in the level of assessment between municipalities.

**HON. J. PLOHMAN:** Another question with regard to the assessment of farm outbuildings. There was a recommendation in the report that buildings be exempt up to the value of the parcel of land on which they are situated, which could mean that if the farm outbuildings were situated on a 10-acre parcel, there would not be as large an exemption as in a case where they would be situated on a quarter section. Similarly, there would not be as large of an exemption if the land was of rather poor quality as opposed to high quality land that was assessed higher.

So there would be a varying exemption under that recommendation. Certainly we all agree that we're trying to remove inequities. Would you feel that this would remove inequities or can you see this creating inequities?

**MR. B. CLARKSON:** We felt it would remove most inequities. It would not remove all inequities. The committee discussed quite lengthily the possibility of bringing in a standard exemption for all outbuildings. The difficulty there was attempting to agree on an appropriate figure as to what that exemption should be and also to establish a figure that would, in some manner, be updated without having to change legislation, because the committee's experience, in

looking back over the years, has shown that any time a figure is established by legislation, it soon becomes out of date and is not adjusted and thereby is very much a factor in creating inequities.

It was for that reason that the committee initially looked at the possibility of the valuation of a farmstead, the total farm holdings, in establishing the exemption. That created a number of problems, particularly associated with those farms which were situated on occasion in two, three or four different municipalities and in two or three different school divisions. The difficulty then as to how the exemption would be applied in the various jurisdictions became of such a nature that the committee fell back to recommending that it be based on the valuation of the parcel of land on which it sits. That valuation will change with economic times, and should keep pace and not need to be adjusted in future.

**HON. J. PLOHMAN:** Would you feel, Mr. Clarkson, that if there was a method that could be arrived at for making automatic adjustments to a standardized figure - you recommended \$50,000 figure exemption in the report for commercial - if that kind of a recommendation was made certainly you must be looking at a way there of updating that or had something in mind as to how that could change? Could it not be similar in the case of exemption for farm outbuildings?

**MR. B. CLARKSON:** There are two things I'd like to mention on that. First of all, the \$50,000 in respect to commercial/industrial buildings is not recommended in the report. The report states an appropriate figure amount should be utilized, and the \$50,000 is utilized as an example of how it will work. We thought it was, at this time probably, an appropriate figure.

Secondly, that is not an exemption, but merely a reduction in the rate at which the taxation on the Education Support Program is applied to that amount of property.

One of the possibilities - and this is my own personal opinion, not necessarily that of the committees - was that it may be possible to establish a minimum exemption for farm outbuildings, which then would be increased if the value of the parcel of land on which it was situated was greater, so that the amount of the exemption could be the greater of the exemption figure established or the valuation of the parcel. That is a possibility.

**HON. J. PLOHMAN:** Just one last question on that. Certainly I agree that the 50,000 is not a straight exemption, but it tends to be a bit of an exemption in that the taxation would be at a lower rate. However, you must have had some idea as to how that would be changed and updated if it was an appropriate figure that was arrived at, and because you used the argument that it would be difficult to update the basic dollar figure exemption for outbuildings, what did you have in mind with regard to the figure that would be used for a form of exemption for commercial property? You must have had some figure there, some method of updating that and that could be applied also in that other case in terms of farm outbuildings.

**MR. B. CLARKSON:** I think I have to fall back on the statement that was made at one time, that has to be

strictly a political decision. That figure has to be established in the political process and be recognized as being that. In the same way as any decision made to vary the portions in future to affect transfer of taxation from one classification of property to another classification of property needs to be a political decision; a decision, though, that can be made under the recommendations of the committee based on a very substantial amount of evidence as to what valuations you're really dealing with and what the property is being used for.

**MR. CHAIRMAN:** Mr. Driedger. Mr. Orchard.  
Mr. Bucklaschuk.

**HON. J. BUCKLASCHUK:** Yes, thank you, Mr. Chairman. To Mr. Clarkson, just a further clarification. With the model that has been presented in the green book, the intention was that there would be - and this is based on the recommendations - there be no change in the ratio of taxes paid between the three components, between the residential, farm and other. Is that correct?

**MR. B. CLARKSON:** Correct.

**HON. J. BUCKLASCHUK:** Then the shifting of taxes as provided by these models is not directly from, let's say commercial and industrial to residential or from residential to farm, but shifting within that classification?

**MR. B. CLARKSON:** The shifts within the classification are probably far greater than the shifts shown in the green book as occurring from one classification to another. There will be much greater shifts within classifications. There are many farms, for instance, in those classifications that are - some of them are not shown on the report, but certainly within those municipalities - large farm investments because of large investments in buildings which would be paying less than \$100 net in taxes; whereas farms with large investments in land would be paying several thousand dollars in taxes, and those inequities within the farm community would be removed within the recommendations.

**HON. J. BUCKLASCHUK:** One final question. I think that when the Member for La Verendrye opened up this question session, I was left with the impression that he wasn't in favour of a shift from urban to rural in terms of taxation, but what we are in fact talking about is a shifting within farm classification from, as you indicated, those farms that are very building-intensive such as dairy operations, hog operations, that they would be paying a much larger tax now because of the assessment. Secondly, there would be, because of the proposed assessment procedures and because farm residences would be assessed and taxed if the recommendations were adopted, then the shift could conceivably be from those farms with large landholdings, that is five section farmers, their taxes relative to those smaller farms would decrease. In other words, the smaller farmers, the three quarter/one section farmer with a farm residence would probably pick up a larger share of the taxes.

**MR. B. CLARKSON:** Yes, that is correct. The concept of the committees was that every additional tax dollar

that would be paid by the farm community on their outbuildings and on the farm residences would be utilized to reduce the taxation paid by other farmers and would stay completely - entirely within the classification.

**HON. J. BUCKLASCHUK:** Thank you.

**MR. CHAIRMAN:** Mr. Kostyra.

**HON. E. KOSTYRA:** Thank you, Mr. Chairman. A question to Mr. Brown. Dealing with the statistical analysis of the selected recommendation of the Weir Report, in particular Page 33, the St. James-Assiniboia model, I have two questions.

One, could you indicate to me whether or not the two residences that were used in the sample were residences in newer subdivisions or newer areas of the St. James-Assiniboia area or if they were in the older - it's referred to as the older neighbourhood part of St. James-Assiniboia; and secondly, I wonder if you could explain the reasons why the fairly massive shift in taxable assessment increase for the single family residence and the fairly substantial decrease in assessment for the multiple family apartment residences.

**MR. CHAIRMAN:** Mr. Brown.

**MR. B. BROWN:** Thank you, Mr. Chairman. I don't have an answer to the first question available here today. I am not sure of the location within St. James of those two single family residences. We do have the information available and it can be forwarded.

The second question is a matter of the current relationship of the value of single family residences to real market value and the relationship of the apartment dwellings to real market value. Currently in St. James-Assiniboia, the single family residential development is considerably further removed from market value than is that of multiple family development, so when you apply the devaluation factors you are having to multiply up the residential assessments by a considerably greater factor - you have to multiply up to single family at a considerably greater factor than you do with a multiple family. The result, therefore, is that their share of the total residential assessment becomes quite a bit greater than it currently is.

**HON. E. KOSTYRA:** Thank you. I would appreciate receiving the information with respect to the two residences.

Just one further and final question. In the work that the department did on looking at how the impacts of the recommendations of the Weir Commission would be felt by particular residences in urban areas, has there been any look at what shift may take place between those residences that are in older neighbourhoods as against those single family residences in newer subdivisions?

**MR. B. BROWN:** Not in our evaluation so far. I believe the Weir Committee itself did some work in that area, but ours has been limited to the information you see before you so far.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The research that the Assessment Review Committee undertook indicated that, generally, the valuation of property in the older areas had not increased at the same rate as it had in the newer areas and suburban areas. Therefore, the recommendations of the committee would result in a transfer of taxation to some degree off of the older inner city areas and onto the newer residential areas.

Back, again, onto the multiples - one of the major reasons for the difference in existing portions of assessment is the fact that the major item of property that has increased in value, which has increased at the greatest rate, has been land and this is why we see these shifts occurring as a result of the recommendations of the committee. Land has increased much quicker than buildings have. Single family dwelling units, therefore, have increased at a greater rate than multiples because the land component within the multiple units is a much smaller part of that total valuation.

**MR. R. BANMAN:** Well, Mr. Chairman, just for clarification, further to the Member for Gimli's statement, I wonder if Mr. Clarkson could confirm that in the model in the green book, when you're looking at the Town of Steinbach and the R.M. of Hanover, the new taxes, by taxing residences on farms brings in revenue from a source that was not being taxed before, and that revenue is put into a residential pool, which means that the residents of the Town of Steinbach living in single-family dwellings see a reduction in their tax, and that many of the commercial properties in Steinbach see a reduction in their taxes because of the new assessment that these farmers will pay.

**MR. B. CLARKSON:** Only to the extent that those shifts occur within the education side of the taxation. To the extent they occur within the municipal side of the taxation, there would be no transfer between Hanover and Steinbach.

**MR. R. BANMAN:** But the fact is, that the new money that you're picking up by assessing farm buildings is going into a different pool than the farm pool and, therefore, is lowering taxes in the Town of Steinbach, while the farmers are paying more. All I'm saying, and what I said before - and I appreciate your comments saying that the model could be changed - but I would not support something which would see the farm community paying more and having the Town of Steinbach, residents and commercial areas, reduce their taxes. That isn't right and that's all I'm saying; that's clarification to what the Member for Gimli said.

**MR. CHAIRMAN:** Are there any questions from members in the audience with regard to either the Weir Report, or the department's detailed analysis of that report? Are there any questions for clarification, technical or factual information?

Please come forward, sir. Give your name for the record and ask your question.

**MR. S. OLSON:** My name is Stan Olson from the Manitoba Curling Association. Am I correct in my

assumption that the exemption of \$50,000 on commercial properties also would apply to community halls, curling clubs and golf clubs?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** This would depend on the use to which that facility is placed. In the recommendations of the committee, they recommended that a separate classification be established for that type of property. However, they also recommended that portions of that property that are utilized for commercial purposes should be classified as commercial enterprises. To that extent, if they were classified as commercial enterprises, the \$50,000 would apply. It was generally the committee's feeling that the appropriate portions that would probably be utilized for the non-profit recreation facilities would probably be similar to those portions utilized for residential property.

**MR. S. OLSON:** Am I not correct in my assumption that all golf clubs, curling clubs, particularly in the City of Winnipeg, are now taxed as commercial enterprises?

**MR. B. CLARKSON:** Yes, you are correct. They are now taxed as commercial enterprises.

**MR. S. OLSON:** That doesn't quite answer my question then. Is the \$50,000 exemption to come off the top of the present assessment?

**MR. B. CLARKSON:** The \$50,000 figure would be utilized in that assessment in calculating the liability for the Education Support Program under the recommendations of the committee if that property was retained and classified as commercial property.

**MR. CHAIRMAN:** Mr. Olson, a further question? — (Interjection)— Would you like to try again? The purpose of this question and answer period is not to confuse but rather to try to get answers, so please keep trying. Go ahead, sir.

**MR. S. OLSON:** If the property is currently assessed as a commercial enterprise, I don't quite follow how you are going to separate this. You say that if it is considered a commercial enterprise, it is currently assessed as a commercial property for school tax purposes.

**MR. B. CLARKSON:** The committee recommended that there be a separate classification for golf courses and curling clubs, including land and buildings required for such operations.

**MR. S. OLSON:** That's right.

**MR. B. CLARKSON:** They also recommended that facilities incorporated within such golf courses and curling clubs which compete with other facilities such as restaurants, areas licensed under the provisions of The Liquor Control Act, etc., should be classified and assessed as commercial establishments.

Now, if that occurred in accordance with the committee's recommendations and the

recommendation in respect to the \$50,000 was also accepted, then those portions of the facilities which were classified as commercial would be able to receive that \$50,000 reduction on that portion of valuation that was assigned to the commercial part of the enterprise.

**MR. S. OLSON:** And the non-commercial part would be assessed as residential?

**MR. B. CLARKSON:** This was the feeling of the committee that the portions utilized should be similar to residential rather than to commercial.

**MR. S. OLSON:** Thank you. I would just comment that the green book does not quite state what the report did.

**MR. CHAIRMAN:** Any further questions? Yes, sir.

**MR. P. GOERTZEN:** Peter Goertzen from the R.M. of Stanley. Do I understand that under this new system that more tax dollars would be shifted to the farmer in education, while towns are paying less?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** That is certainly not the intent of the recommendations.

**MR. P. GOERTZEN:** Well, I certainly would hope not, because I'm the man who pays the taxes and we're paying enough already as farmers. Thank you.

**MR. CHAIRMAN:** Any further questions, sir?

**MR. D. ROBERTS:** My name is David Roberts. I'm from Morris. I have a problem - on Page 11 of the green paper, in Paragraph 2, it says, "Valuation in the modelling exercise involves multiplying the actual assessment with the M.A.R.C. recommendations included. Currently, assessments are far out-of-date." Could somebody tell me right now what percent of assessments in the province are up-to-date?

**MR. CHAIRMAN:** I ask Mr. Jake Reimer to come forward, the Provincial Assessor.  
Mr. Reimer.

**MR. J. REIMER:** Well, Mr. Chairman, as I understand the question - which assessments are up-to-date? - reassessments in the province are continuing and have been carried out over the years, but in those reassessments the valuations that have been used are not at current levels of value. Those municipalities which are being reassessed presently are assessed at a small fraction of present day values. So that whether an assessment is a recent one or is one that dates back several years, in any event, that assessment is at a fraction of its present day value. So to bring that assessment to a current level of value or to a level of value as is reflected in the green book, it means that whether an assessment is out-of-date or has been recently assessed, a multiple will be required to bring that assessed value to a current level of the market value.

**MR. D. ROBERTS:** Excellent answer, but that's not the question. I wanted to know of the assessments as they stand now. It says here the assessments are far out-of-date. What percentage of the assessments as they stand now are up-to-date?

**MR. J. REIMER:** Well, all assessments, you might say, in relation to current levels of value, they're all out of date.

**MR. D. ROBERTS:** Mr. Chairman, my question is . . .

**MR. CHAIRMAN:** I think the answer was zero percent, in other words.

**MR. D. ROBERTS:** Zero percent. Then, my great difficulty is, we're in times of restraint and we're spending a lot of money on this Weir Report. If all of the assessments are out of date and we're basing anything we do change on here on some form of assessment, wouldn't it make sense that the working model we had before we change anything - we're not able to let it work the way it should because the assessment isn't in date - in other words, it doesn't matter what is decided from these hearings, it has to be applied back to the assessment on something.

**MR. CHAIRMAN:** Do you have a further question, Mr. Roberts?

**MR. D. ROBERTS:** My question is . . . pardon me Sir?

**MR. CHAIRMAN:** Go ahead, ask your question.

**MR. D. ROBERTS:** My question is, are we not going to have to bring assessments up-to-date in order to implement anything we decide here?

**MR. CHAIRMAN:** Mr. Brown.

**MR. B. BROWN:** The Weir Report indicated that the first step to implement their report would be to bring all assessments up-to-date or virtually to market level.

**MR. D. ROBERTS:** Thank you. The answers are - there are 0 percent of assessments are up-to-date, and the other answer is that 100 percent would have to be brought up-to-date to bring this exercise to mean something.

**MR. B. BROWN:** Yes.

**MR. CHAIRMAN:** Thank you, Mr. Roberts. Next.

**MR. J. KLAPONSKI:** I'm John Klaponski and I'm the Vice-President of the Polish Gymnastic Association, Sokol Hall, in Winnipeg. If I understand it correctly the Weir Report deals with, amongst others, the golf clubs and curling clubs. They have recommended in the report that the portion of the clubs that are not being used for commercial purposes should be exempt from school taxation. I do not see anything at all in that report dealing with clubs like our own where we are now assessed at the commercial rate of taxation and it's

very unfair to have an ethnic group that has a dancing group, that has some choirs and we are supporting it wholly and it's become unbearable to pay the taxes we do have to pay now.

**MR. CHAIRMAN:** Would you ask your question, sir?

**MR. J. KLAPONSKI:** My question is - will there be any relief for these private clubs, if you may call them, and associations that now have properties in the province that are assessed a commercial rate? That's my question to Mr. Clarkson.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The committee recommended that all charitable and non-profit facilities owned by organizations, registered as charitable and non-profit organizations under the provision of the Income Tax Act, should qualify for that exemption you're talking about. They should be classified separately and qualify for that exemption from school taxation.

Now whether your club as such can qualify under that or not is the question, I would suggest. The committee felt that it had to limit that exemption to those that did qualify under the income tax as being charitable organizations.

**MR. J. KLAPONSKI:** Why such a recommendation for one and not for the other?

**MR. CHAIRMAN:** Could you repeat the question please, sir?

**MR. J. KLAPONSKI:** My point is, if the clubs can have a recommendation, these clubs for golf courses and the curling rinks can have a recommendation by the Weir Report that they be exempt from school taxation, why is that same recommendation not applicable to clubs without going to the exemption and income tax branch?

**MR. B. CLARKSON:** I have to say that probably the two factors involved there was the committee's look at major recreational facilities and in such they, because of presentations received, limited their considerations primarily to golf clubs and curling clubs. I see no problem in the government, in implementing the report, expanding that to include which facilities they believe should qualify for that classification.

**MR. CHAIRMAN:** Thank you, Mr. Klaponski.

**MR. G. FROESE:** Mr. Chairman, George Froese, R.M. of Stanley.

I have a question. You know, once you mentioned there the ratios - 8, 15 and 16 - once you have established these ratios, are they going to be changed if you want them changed by Order-in-Council or by the Minister, or do they have to be changed through legislation?

**MR. CHAIRMAN:** Reeve Froese that is really a policy question in the long term as to whether or not they will be changed, but in terms of what the Weir

Committee had in mind, I'm sure Mr. Clarkson can answer you.

Mr. Clarkson.

**MR. B. CLARKSON:** The committee's recommendation was that in introducing the recommendations of the committee that the percentages, the portions utilized should be those that would not result in any change of the total assessment available throughout the province as a whole for each class of property. The committee then felt that once all the inequities that presently exist within each classification had been cleared up, had been rectified, and it was then available, direct knowledge as to what valuation of property there was in each of the classifications and what that property was being used for, governments of the day could then make rational decisions as to whether or not those portions should change to effect transfer of taxation from one class to another, and also as to whether or not the portions needed to be changed because of changing values in one class that didn't occur in another class of property even to maintain the existing distribution of taxes. That can vary and would depend entirely on what the economy did in various segments in the years to come.

The recommendation of the committee was basically designed to bring about a very flexible system that could be adjusted as required to meet changing economic circumstances as they related to each class of property.

**MR. G. FROESE:** Mr. Chairman, the reason I'm asking, there might be quite a bit of pressure from the urban areas to change it if they feel that the farming community is not paying enough. This is why I feel that if there is a lot of pressure from the urban areas, towns, cities and they request a change in the ratio, then I feel this would have to be coming before the legislation. As you say, this is the question, and you say it can be changed by Order-in-Council, is that correct?

**MR. B. CLARKSON:** The recommendation of the committee is that that be at the discretion of the Lieutenant-Governor-in-Council. The committee in reviewing the existing situation found that those rates, those assessments, that are established by legislation are the most out-of-date and the most inequitable at the present time. They hesitated very definitely about creating a situation where things were frozen by legislation.

In establishing the legislation it certainly would be appropriate and could be a matter to establish ranges within which the Lieutenant-Governor-in-Council could by Order-in-Council make these adjustments. For instance, if 8 was the appropriate figure for farms, legislation may provide the rate could be varied between 6 and 10, or something like that, without going back to the Legislature. It could be limited, but the committee does not make a recommendation in that respect.

**MR. CHAIRMAN:** Any further questions, Reeve Froese?

**MR. G. FROESE:** Well, I had another question in regard to, if you are going to tax the farm outbuildings, also the residences, it's going to put up the assessment of

the municipality, right. It's going to raise it to quite an extent. Then if you have the education cost and the towns, their assessment is not going to go up to that portion. So in other words, we're going to contribute more to education costs, to the special levy, and the foundation levy. I feel the farmer is going to be hit with a big increase in taxes.

**MR. B. CLARKSON:** I certainly emphasize that is not the intent of the recommendations in any shape or form. The intent of the recommendation is to provide that the increased assessment that you mention about on the outbuildings and farm residences would be shared within the farm community only and not result in a transfer of taxation from the farm classification to the residential classification.

**MR. G. FROESE:** Yes, but from my example, if I have to pay on my outbuildings, my farm buildings, also on my residence, and according to your examples, the farm vacant land wouldn't go down that much - it would probably just stay at where it is - so where does the other tax money go? I have to pay on my residence, where I didn't pay before, also on my outbuildings, my farm buildings.

**MR. B. CLARKSON:** The percentage utilized, 8 percent, utilized in the green book, certainly illustrates that fact that you are mentioning. I would only suggest that the appropriate figure, when it is actually implemented, may turn out to be 7.5 percent or 7 percent, which would result in a larger reduction on vacant land, and therefore retain the benefits or the extra tax dollars raised from the buildings within the farm community. That would be the intent of the report.

**MR. G. FROESE:** Well, I sure hope you're not going to hit the farmer too much because he's in problems right now.

Thank you.

**MR. CHAIRMAN:** Thank you, Reeve Froese. Next - yes, sir.

**MR. J. COOK:** John Cook, private citizen.

Mr. Chairman, I notice in the modelling method that was used, the amount of land required for farm residential property or other residential property in rural areas was identified as being one acre. My question is, would this not create a demand for one-acre subdivision in the Province of Manitoba, which in itself may not be a desirable direction?

**MR. CHAIRMAN:** Mr. Brown.

**MR. B. BROWN:** The choice of one acre, or two acres, or three acres - some choice had to be made. The Weir Report recommended that a reasonable amount of land go with each farm residence for assessment and taxation purposes.

In looking at it, we chose the figure one acre. Its use is really restricted to the modelling, it doesn't create a new title of land, nor would I assume any other reasonable amount, whatever was picked eventually, wouldn't create a new title on the land. So I wouldn't

think that it would be a factor in creating a demand for residential sites in rural Manitoba. The choice of the one acre was an arbitrary choice to try to really test implementing that recommendation. It could have been two acres or three acres, as easily.

**MR. J. COOK:** Past experience has indicated that the five-acre parcels identified for certain purposes, that in turn evolved to the point where it was actually a demand for subdivision and an identified land area, and I'm suggesting that this would possibly indicate the same type of thing in the future.

**MR. CHAIRMAN:** Mr. Brown. Was that a question, John?

**MR. J. COOK:** Yes, I'm just saying that it possibly can in the future. Okay, we can leave it there if everybody so wishes.

Thank you.

**MR. CHAIRMAN:** Thank you, Mr. Cook. There's another gentleman standing.

**MR. C. GRAYDON:** Thank you, Mr. Chairman. My name is Cliff Graydon and I'm from Greenridge.

If it is not the committee's intent that the farmers carry a larger tax burden, as it is illustrated in the green book, and the committee then says that the assessment is not up-to-date and that it should be assessed at the full value of land, so then we're looking at a blanket of multiples and we're not sure what the real value of the property is, can we then expect the assessment to be done on a productivity of the land and the assessment of the outbuildings at the rate of which they generate a return?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The committee, in recommending the market value assessment specifically in respect to farmland, recommended that productivity be one of the major considerations in comparison and establishing what that market value of land was. There's no question about that.

The committee made a very basic decision that there had to be a common denominator that would fit for all classes of property and all locations and the common denominator that the committee picked as being that one and only one they could consider that was familiar to individuals, regardless of where they are and that did reflect local circumstances, was market value.

I would suggest to you that the valuation placed on outbuildings, as the valuation placed on land, would reflect what is its value where it sits. That should reflect the productivity and reflect the farmland and it should, in respect to outbuildings, reflect what income they generate for that farm. It should be reflected in that, or the market - the market's not crazy - sometimes we think it is, but I think as a whole, in the long term, if you look at the market and take enough samples, not the individual sales but enough samples, to really know how to properly estimate that market, those considerations are taken into consideration there.

**MR. CHAIRMAN:** Mr. Graydon.



**MR. C. GRAYDON:** As I understand the situation, we don't have any of those examples available, or else this green book is misleading us.

Another point I might make is that farmers aren't crazy. If the building isn't generating what you're going to assess it at, there's going to be a lot of fires.

Thank you.

**MR. CHAIRMAN:** Further questions. Yes, sir.

**MR. P. GOERTZEN:** Peter Goertzen from the R.M. of Stanley. We have heard so much now that the intention is not to do that. My question is to Mr. Brown and the Minister. Can you change it, so it'll be very clear as to what it's saying in the green book?

**MR. CHAIRMAN:** Would you repeat the question? Would you change what? I wasn't clear and I'm not sure Mr. Brown was.

**MR. P. GOERTZEN:** There is a misgiving on the assessment on farm buildings, whether more education taxes will be shifted, through the green book, going to the farmer. Now it's not the intention, I hear. The intent is not to do that. Can it be changed so that we know for sure it states specifically, "no, it will not."

**MR. CHAIRMAN:** Mr. Brown, can you explain that?

**MR. B. BROWN:** Mechanically, it's possible to change those numbers in any fashion anyone wishes and the results would follow the numbers. If a different number than 8 percent was chosen, then that impact would show up in the statistics.

**MR. P. GOERTZEN:** It can be changed.

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Yes, perhaps just to clarify. I think it's been established that it wasn't the intention of the Weir Committee to shift between total classes, but that it is also established that there may be shifts within each class. So some farmers may find themselves with higher taxes than they did before, but I think what Mr. Clarkson has said is that the total taxes on farm classification should not be higher. That's what he has said, but that doesn't prevent shifts within the classifications.

**MR. CHAIRMAN:** Is that all Mr. Goertzen?

**MR. P. GOERTZEN:** Thank you. So I'll be going home wondering.

**MR. CHAIRMAN:** The next question?

**MR. J. MACHINSKY:** Joe Machinsky, R.M. of Portage. Mr. Chairman, I commend the committee for trying to have a shift in education from agricultural land to the responsibilities of residential.

Some of the few things that bother me - one is this - you're shifting it onto farm buildings . . .

**MR. CHAIRMAN:** Do you have a question, sir?

**MR. J. MACHINSKY:** Yes, I have a question. I'm giving you the question on that, and then on the farm buildings. If a hog operation or dairy operation is assessed at this present time - and the way our economy is now, a lot of these operations just cease but the building is still there - the assessment is sustained as it is, or is it changed, or what happens?

**MR. B. CLARKSON:** I believe your question relates really to what happens to the assessment on the buildings, such as hog and dairy buildings, if those buildings are vacant.

**MR. J. MACHINSKY:** Vacant, there's no more business in it, but they're still on the farm and exist on the farm.

**MR. B. CLARKSON:** Under the recommendations, if those buildings continue to add value to the land on which they are situated, then they would continue to be assessed. That's basically what the recommendation says.

**MR. J. MACHINSKY:** They would continue to be assessed.

**MR. B. CLARKSON:** That's right.

**MR. J. MACHINSKY:** Regardless of whether the dairy is in operation or whether the hog operation, poultry, whatever it is?

**MR. B. CLARKSON:** The reason why the committee has left it that way is for the same reason that if you are a storekeeper in a town, a store owner, and your building becomes vacant, you still are assessed and taxed on that building, too.

**MR. CHAIRMAN:** Thank you, Mr. Machinsky.

**MR. J. MACHINSKY:** That was the question I wanted answered.

**MR. CHAIRMAN:** Further questions?

**MR. J. MACHINSKY:** No, that's the only problem.

**MR. CHAIRMAN:** Thank you.  
Mr. Banman.

**MR. R. BANMAN:** Mr. Chairman, I think it should be pointed out that one of the sort of common threats that ran through the submissions that we heard throughout rural Manitoba was the recommendation by many municipalities and many farmers that after a facility, such as a hog barn or a dairy barn, had stood empty for about a year that there be certain exemptions placed. In other words, that facility then be taken either off the tax rolls till it was again utilized, and I think that's something that becomes a policy decision for the Government of the Day and the committee in dealing with that. I just wanted to point out that was one of the recommendations that many people have made to this committee.

**MR. CHAIRMAN:** Thank you, Mr. Banman. Any further questions from members of the public? Yes sir.

**MR. S. OLSON:** Stan Olson, again, with a different hat on, Tiger Hills School Division. I guess the question is directed to Mr. Reimer. Am I correct, Mr. Reimer, that there is a freeze on reassessment at this particular time?

**MR. CHAIRMAN:** There is a bit of a problem in dealing with questions relating to freezes on assessment right now because of the matter being before the courts. There are three or four petitions before the courts at the present time and I'm not sure the committee would want to entertain questions relating to the freeze.

**MR. S. OLSON:** Is there not legislation to that effect?

**MR. CHAIRMAN:** There is legislation to that effect. Certainly questions could be asked regarding the legislation, but we have to avoid discussing the details of the matters that are before the courts, that's my caution.

**MR. S. OLSON:** I guess my question then is, if there is legislation why, in effect, is there reassessment of entire municipalities still ongoing within the province?

**HON. A. ADAM:** I think I could field that question. The intent of the legislation was to allow for assessments to continue outside of the City of Winnipeg.

**MR. S. OLSON:** I guess I just have a statement to make then that . . .

**MR. CHAIRMAN:** Could you make your statements when you make your presentation, sir?

**MR. S. OLSON:** . . . it's grossly unfair.

**MR. CHAIRMAN:** Any further questions from members of the public? Yes, sir.

**MR. A. ST. HILAIRE:** Mr. Chairman, Albert St. Hilaire, Reeve of the R.M. of Montcalm. There is another point I would like to bring up. Something that was brought to my attention by farmers lately, that is, it has to do with grain dryers, some are stationary, others are movable, some are using those dryers for themselves, their own purpose, others are using it for custom drying and so on, so what will happen in such a situation?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** One of the basic reasons why the committee recommended an exemption in relation to farm outbuildings was to basically ensure that the exemption was in normal circumstances sufficiently large to provide that grain storage facilities, such as you mention, would not be subject to taxation. That was one of the major considerations in recommending that there be any exemption whatsoever in respect to farm outbuildings.

**MR. A. ST. HILAIRE:** Yes, but in the case of grain dryers, will there be different categories for those that are stationary and others are movable and so on? Will

these be in two different categories and so on? This is the area that some are very very concerned about. Those that are movable, would it be classified the same as farm equipment which is not taxable? These are all questions that we've been asked.

**MR. B. CLARKSON:** The committee's recommendation would bring about taxation of those fixed buildings that are considered to be real property and part of the valuation of the parcel of land, subject to an exemption equal to the value of the land on which they are situated. Completely moveable facilities, like other equipment, is personal property. The committee recommended that personal property assessment be done away with.

**MR. A. ST. HILAIRE:** Thank you.

**MR. CHAIRMAN:** Mr. Orchard.

**MR. D. ORCHARD:** Mr. Chairman, just to clarify the point made by Reeve St. Hilaire, I believe it is my understanding of recommendations in the Weir Report that grain dryers are equipment and as such are not subject to assessment. And carrying that theme through a little further, seed cleaning plants, for instance, the building only that they're located in would be subject to assessment; the equipment such as the cleaners, the legs, etc., would not be part of any assessment, so hence the equipment would not be subject to any taxation. That's my understanding of the recommendations in the Weir Committee dealing with grain dryers and seed cleaning plants, etc.

**MR. CHAIRMAN:** Would you confirm that, Mr. Clarkson?

**MR. B. CLARKSON:** That is correct. It would be the structure only that would be subject to assessment taxation. Equipment is not assessed and taxed in Manitoba, although it is in some other provinces, like British Columbia.

**MR. CHAIRMAN:** Yes, sir.

**MR. B. HODGSON:** Bob Hodgson, Roland, Manitoba. I'd like to ask anyone on the committee if the committee has looked at or intends to look at the possibility that there are already serious inequities between classes, not just within them. If you say that you're going to keep everything within a certain class and just correct inequities there, any inequities that are already built into the system are going to stay. Do they intend to look at this or not?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The committee's recommendation is that the first step that must be undertaken is to correct the inequities that exist within the individual classes. It is only after those inequities are corrected and you really know what you have to work with that you can make rational decisions as to whether or not there should be adjustments between classes. That's the timing process that the committee visualized - first things first.

**MR. CHAIRMAN:** Further questions, sir?

**MR. B. HODGSON:** Yes, one other one. In fact, if you don't correct inequities within the class, I don't see how it's possible for you to even things out - if that's the word you want to use on it - because, for example, in your statistical report you are rolling farm residences into a residence pool, right? So, you've already stepped over your own guidelines, I think, in that case.

**MR. B. CLARKSON:** I would say, no, we have not, in that we recommend that the benefit or the amount of taxation that is charged on farm residential property be credited to the farm classification as a whole in order to ensure that farm classification as a whole, including the residential taxes, do not pay more taxes than they presently do. It was not a transfer of tax dollars between classification as far as the committee is concerned.

**MR. CHAIRMAN:** Thank you, sir.  
Mr. Orchard.

**MR. D. ORCHARD:** Well, Mr. Chairman, again, just on that last point, that's where we believe there is a discrepancy between the intention of the Weir Report and what is actually demonstrated by the numbers in the charts of the green analysis; that in fact there has been a shift to the farm community, to the farm classification of property by crediting to the residential taxation farm homes. That credit to the farm community has not been demonstrated in the green report and that's where we think there is some concern.

**MR. CHAIRMAN:** Thank you for your question, Mr. Orchard. Next.

**MRS. L. EDIE:** Lois Edie of Dugald. This is a concern. I have two questions here. I would like to know at the present time the purpose of the Assessment Review, that's question No. 1; and No. 2 is, if you have addressed why the inequities exist today within, I'm going to say, the farm community.

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The second question first - why do the inequities exist? I think they reflect the changes in farming practice and farming valuations that have occurred in the period from approximately 1908 to 1982. The existing exemptions were established just after the turn of the century. At that time, in order to attract farmers to farming and to assist in the developing of the farms, all farm buildings were classified as improvements to the land and were given an exemption. That exemption has stayed in place since that time.

**MRS. L. EDIE:** Are you addressing the 1948 - the third provision which gave the rural communities the privilege of no taxation on the rural home in an exchange for a third less taxation on the urban community? Is that being addressed today in your review?

**MR. B. CLARKSON:** Yes, we recommend that the one-third practice of assessing urban buildings and all

taxable buildings in fact at two-thirds of their value only be stopped, and that all buildings be taken into the formula at their full valuation, as land is.

**MRS. L. EDIE:** No. 3, do you feel at the present time with the economy such as it is and the number of people unemployed that the community at large can really adjust to, or absorb, much change in the present taxation?

**MR. CHAIRMAN:** I'm not sure that's a question requiring a technical or factual answer from staff. That gets into the policy questions that I think the committee is going to have to wrestle with after all the presentations are finished.

**MRS. L. EDIE:** I'll leave that one with you, Mr. Chairman, as a question to be answered.

**MR. CHAIRMAN:** We're very much aware of that question, I'm sure. Thank you, Mrs. Edie. Further questions from the public?  
Mr. Driedger.

**MR. A. DRIEDGER:** Further to the question that was raised by the last person there, I have a question to Mr. Clarkson. Is the one-third exemption that is being exercised in the City of Winnipeg at the present time also being applied to the rural residential buildings?

**MR. B. CLARKSON:** There is some question as to what extent the one-third exemption is in place, both in rural Manitoba and within the City of Winnipeg. Well, we know many instances, for instance, that the one-third does not appear to be there - the exemption does no longer appear to be there. Over the times, with changing values, it has leaked away in many cases.

In some instances, for instance, the factor required to apply to the assessment to bring the property up to, say, '75 values was both for land and buildings, a factor of 5, that both were being assessed at 20 percent of their valuation. Now, if they're both assessed at 20 percent of their value, then the exemption of one-third in fact does not exist.

The City of Winnipeg, in their assessment practices, certainly claimed and stated to the committee that the one-third exemption does still exist and is certainly calculated in there, arriving at the assessed value of property within the City of Winnipeg. However, changes in valuation could have eaten away at that, as well.

**MR. A. DRIEDGER:** This would create a great inequity though between the rural and the city assessments, wouldn't it?

**MR. B. CLARKSON:** We found no evidence that there were greater inequities between the City of Winnipeg and rural Manitoba than there were between other areas of rural Manitoba and other sections of rural Manitoba. We had many people say to us that the City of Winnipeg was over-assessed; we had others that said to us the City of Winnipeg was under-assessed and we could prove both, depending on what spot you compared it with and what areas of the City of Winnipeg you took to do that comparison with. I think there are inequities existing in the whole system that have to be corrected.

**MR. CHAIRMAN:** Further questions from the public? Yes, sir.

**MR. P. FRIESEN:** Peter Friesen from Killarney, Manitoba. Mr. Chairman, and the committee. In the Weir Report, I get the impression that you are going to reclassify farmers also as residential by eliminating one acre from a farmland and assessing a dwelling together with one acre of land as residential property. Now, I would like to know - in this green book this one acre of land plus the dwelling has been transferred into residential property. I see there's a substantial increase on farm property, farm assessments, and the way I understand it, it does not include our farm dwelling plus the one acre of land, which now falls into the category of residential assessment.

**MR. CHAIRMAN:** Mr. Brown.

**MR. B. BROWN:** The green book used one acre of land to accompany each farm residence. That one acre, plus the residence, was shifted into the residential category. In some of the cases, where there appears to be a considerable increase in farmland assessment, that has come about because of that step, and in certain areas you may have found presently under the assessment classification a 40-acre parcel, or a 10-acre parcel, or a 5-acre parcel of land that had a residence on it. That was all classified as residential, currently. In order to implement the report as written, one acre of that plus the residence was subtracted from the 40-acre parcel, say, and moved into the residential. The remaining 39 acres would have been classified as farm and stayed in farmland, or moved into farmland, if it had been previously called residential.

**MR. P. FRIESEN:** But in the green book, are you still leaving the residential assessment under the farm assessment?

**MR. B. BROWN:** No, the residential assessment moves into the residential classification.

**MR. P. FRIESEN:** So in other words, as farmers, we will now be paying our regular land assessment, which will be substantially increased. Plus that, we will be paying a portion of the residential tax that was paid in the past mainly by towns and villages.

**MR. B. BROWN:** Your property would fall under two land classifications: farmland or the farm classification, and residential. Whether your taxes went up or down would depend on your particular situation.

**MR. P. FRIESEN:** Well, I'm not sure. According to the green book, your residential assessment, the total residential assessment, decreases slightly and I understand the farm residence plus the acre of land is included in that residential assessment. That would mean that other residential assessments will decrease dramatically, due to the fact that all farm residences are now in the same classification. Still, the total assessment is going to decrease. That simply points out to me that farm property is going to be increasing much more than the green book indicates. Is that right?

**MR. B. BROWN:** I'm not sure I totally understand. Certainly, residential assessment picks up in total by bringing farm residences into that category. I think that was part of your question. What happens in the way of residential taxes will depend very much on where you live in the province basically and then what the respective share of the municipality's contribution to the special levy is and what it is to the Education Support Levy. Farmland assessment - its share should not necessarily increase. It's the intent of the report that the total assessment under the farm category be maintained at the same level it is now province wide, not necessarily at the local level.

**MR. P. FRIESEN:** But as farmers we will be paying a portion of the residential tax now and the full portion of the farm assessment tax.

**MR. B. BROWN:** It was the intent of the Weir Committee that the total farm contribution be maintained the same. If your farm residence becomes taxable for the first time, then you will be facing a residential assessment in tax that you hadn't previously faced. If the report was to be implemented as intended, there would have to be a reduction in your farm assessment, but that would only work on a province-wide basis. It wouldn't necessarily work for each individual farmer. If you brought on, as in some of the cases, the sample area of Hanover, for instance, where there is a large amount of farm outbuildings coming onto the rolls, the portioning exercise on a province-wide basis would still not result in the Hanover farm community facing the status quo they now face. If there is a \$5 million-\$10 million worth of new farm classification and assessment coming on, that local farm community might face an increase. It would be compensated presumably by farm communities in other areas of the province that aren't so building-intensive, facing a decrease, if the intent is met of maintaining the farm assessment province wide as it currently is.

**MR. P. FRIESEN:** On a different subject, I would like to know how does a producer or farmer get the criteria that is being used in a matter of assessing. I come from a municipality that has been recently assessed and some of the outbuildings are assessed far beyond their actual value, and I'm talking about a building that was built in 1981 and also assessed in 1981. The assessment is about three times the value of the building. How do we as producers know whether we are rightfully assessed or whether the assessment is proper?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** I think you've just illustrated why the committee recommended that the property, first of all, be subject to valuation by a valuation method which the public can understand. I think that is one of the very prime reasons for the recommendation. In the committee's opinion, establishing all value first of all at market value is a level of valuation that the public understands.

One thing I would say to you - that it is not the assessor that has the final say as to what the valuation

of that property is. It is the Courts and Boards of Revisions which are made up of local councillors, and under the committee's recommendation the door is open to a possibility of both councils and private citizens if that is the desire of the local municipality that they have the final say through the appeal process as to what your property should be valued at. If your outbuildings are valued in excess of what you believe is the true valuation of them, then if the valuation was by a system which you could understand instead of the existing assessment process which I agree very few people understand, then you would have a much better opportunity to take that valuation to your local Board of Revision and obtain the adjustments that you would require.

**MR. P. FRIESEN:** I would understand then that until there is a system in place for an equitable assessment that the people can understand, there will be no major changes in the present assessment.

**MR. B. CLARKSON:** You still have every right to appear annually at the local Court of Revision to seek adjustments of your building assessment if you consider them to be incorrect. That's still open to you. Probably at the moment you're not being that concerned about it because those outbuildings are not subject to taxation anyway, and many of those valuations have probably never been tested because they haven't been reflected in the tax bill.

**MR. P. FRIESEN:** I think that will be all.

**MR. CHAIRMAN:** Thank you very much, sir. Any further questions? Further questions?  
Reeve Froese - yes, sir.

**MR. G. FROESE:** Mr. Chairman, I was just wondering in regard to what the gentleman was saying. What kind of a formula have you got in order to arrive at the market value?

**MR. CHAIRMAN:** Mr. Clarkson.

**MR. B. CLARKSON:** The committee obtained estimates of the market value of all property in the province from the assessors. This was done by looking at what was the property presently assessed for, what portion does that existing assessment represent on the average within the municipality of the total value of the property within that municipality. By means of figures provided to us by the individual assessors for each municipality and in as many cases for various portions of the municipality, the existing assessment in that area was multiplied by the appropriate figure to seek an approximation, and admittedly it is an estimate, but it's the best possible estimate that can be obtained at this time under the circumstances.

**MR. G. FROESE:** So you're not going to look at what the parcels have been selling for around the area or according to the sales that have been made?

**MR. B. CLARKSON:** Those are certainly the things that the assessors looked at in indicating to the

committee what factors were required to bring the existing assessment up to existing values.

**MR. G. FROESE:** I just wondered whether this couldn't land up to be a speculative assessment, you know.

**MR. B. CLARKSON:** I don't believe it is. It has that danger, of course. The recommendations of the committee - the very first recommendation is that all property be properly evaluated in the province as the first step so that you do know what true values you have to work with before the rest of the committee recommendations are put into place.

**MR. CHAIRMAN:** Thank you, Reeve Froese. Any further questions from the public? Seeing none, Ladies and Gentlemen, the committee's practice in the past when there have been a large number of delegations, and there appear to be from the list I have in front of me today, is to try to accommodate those who have travelled the furthest distance first. We have a large number of people from rural Manitoba. I would like to ask the committee if it's the committee's will and pleasure to continue that practice today?

It appears to be agreed. It also appears, Gentlemen, that we will be unable to hear all the briefs today since there are in excess of a dozen from rural Manitoba on the list I have in front of me and a similar number from persons who appear to be representing organizations which are from the city.

If there is anyone who has not yet registered with the Clerk of Committees who wishes to make a presentation, I would ask you to please come forward after I read the list of names that I presently have.

I have Rex Virtue of the Manitoba Teachers Society; Mr. Kienholz - I'm not sure how to pronounce that - the Solar Energy Society of Canada. Someone, I don't have a name at this point, from the Canada Property Tax Agents Association; Mr. Arthur Doering; Mr. David Pearlman; Mr. Steven Olnick; Mr. J.S. Walker; Mr. D. Harms from the Union of Manitoba Municipalities; Dave Sharp and Fred Klein from Genstar Corporation; Mr. McCready; Aron Friesen, Deputy Reeve, Rural Municipality of Hanover; Fred McCullough, Carman District Farm Business Association; Steve Rapko; Casimir Petaski; Wilfred Mutcher; George Froese; R.C. Cram; J.C. Balderstone; Syd Lye, Rural Municipality of Portage la Prairie; C.B. Buchholz, St. James-Assiniboia School Division; Lois Edie; John Cook; Reeve St. Hilaire; David Roberts; A.N. Rampton, Manitoba Milk Producers' Marketing Board.

Is there anyone else here who is not registered with the Clerk, whose name was not on the list, who would like to make a presentation? Would you please come forward and give the committee your name.

**MR. W. HILABURA:** William Hilabura, Reeve of the LGD of Armstrong.

**MR. CHAIRMAN:** Thank you, sir. Anyone else? In order to facilitate those persons from outside the City of Winnipeg, I will be calling - what we believe are those from outside - in the order in which their names appear on the list.

Mr. Arthur Doering.

**MR. A. DOERING:** Arthur Doering from Grandview. I'd like to just get a few recommendations to the committee on the impact to the property owner if this assessment goes through, importance of the recommendations and what effect this settlement is going to have on the farms where the owners of the property removes all buildings on the property. As I am a straight grain farmer now and have quite a bit of property there, I don't know whether to sell it, remove it, or burn it down. I don't know which is going to be best to do. The high cost of valuation on the farm properties - it seems it's getting very high. I've been farming since 1942 and I'm supposed to be an established farmer, but I'm slipping downhill every year.

I don't know how the young farmer starting today is going to make a go with a high assessment of which I'm quite concerned. I have two boys of my own and when they look at the situation with all the bankruptcies, not only farmers, but storekeepers, business - I've seen several big businesses going down - car owners, and when you look at the whole situation, it doesn't look very good for the young farmer to start out today.

I'd highly recommend to the board to take a very good look at it, because this is going to be serious in the next 10 or 12 years with the high assessment. This land as appraised - when I bought my land, I was only paying \$100-and-some dollars for the same three quarters that I have - today I'm getting close to the \$2,000 limit and I just can't afford it. I'm not afraid to say that I'm two years in arrears right now, and I'm very concerned when they're going to put me down the road like a lot of other ones in the Province of Manitoba. That's the process I'm in right today. The school tax levies went down, but the mill rate has gone up from about 8 to about 73 in my municipality.

I was wondering here, what is going to happen to all their non-resident landowners that don't work the land and, as I've been travelling around, I've seen several buildings already being demolished in the areas that are already on this review assessment. They haven't done ours in our municipality, but they've done several in southern Manitoba and I've seen a lot of buildings that have been totally removed. There isn't a building on the property, or the fact that the non-resident landowner owned it, and he says, before my assessment is done, there won't be anything there. So it puts anybody that's going to return and buy that land is going to have to go back and put a complete set of buildings on that property again.

I think that's about all the recommendations I'll have for the present time, maybe there'll be a question period yet.

**MR. CHAIRMAN:** There may be questions from members of the committee, Mr. Doering. Mr. Doering, would you please stay in case there are any questions from members of the committee?

Mr. Adam.

**HON. A. ADAM:** Mr. Doering, in your comments you indicated that the assessment at the present time creates a hardship on the farming community, but I was wondering if you care to state your opinion on the report's recommendation that in order to remove inequities that they have perceived. I wonder if you

would care to express an opinion of whether or not you would support or oppose movement to full market value and the removal of the exemptions and assessment of outbuildings. Would you want to state an opinion on those three points?

**MR. A. DOERING:** Yeah, I would, because I say on the assessment, it doesn't say what they're going to arrive at. Is it the inflated price of land? What is the fair value of land today? I, as a farmer, today can get double what the land is actually worth. I go by the land; I know farms since '42 and my recommendation is - I know what those three quarters of land from 1942 until this year can produce - whether they would set that assessment on the value of what that property can produce. Some years I can get \$20,000, \$30,000, it all depends, like with straight grain farming, or if you're going to put rape, you're going to get - if you sell it, eh? But the thing is, on this same property, on three quarters of land, I cannot average more or less, even in a mixed-farming enterprise, a net income or the gross income after expenses. Mine is going down, not up. So what are they going to value this land at, at the true value what that can produce without putting costs in fertilizer and everything else? That's an extra cost; that doesn't bring a return if you get frozen out like we did this year. That's one year in 20-some years that I've had frost, but the situation is, what is the true cost of the three quarters of land? I'm only speaking on my own three quarters which I farmed since '42. That's my concern.

**HON. A. ADAM:** I take from your comments that you would want the assessment system to reflect, to a great deal at least, the productivity.

**MR. A. DOERING:** The cost of whatever the return on that property. If I have a good crop, assess it accordingly like an income tax system. If I have the return, it's only fair then to pay a little extra, but in a year like this year, our return has gone pretty near to zero and yet we have the tax to pay. Next year, if I can double or triple, I don't mind paying an extra tax, the cost of production, or otherwise. Have a factor set in there that what land will produce, tax it accordingly to what it's going to produce.

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Mr. Doering, there have been a number of suggestions from the other hearings we held that the assessment should be based a great deal on productivity. You seem to be going further than that. You are saying now that regardless of the productivity of the land, farming practice, or weather factors, it should be based more on the gross production or the gross income from that land, is that what you're saying?

**MR. A. DOERING:** Compared with the price, the averaging of tax, but the average price you might say then if it's a good year it's a lot easier to pay if you've got it, but if you haven't got it you have to start borrowing and then it goes on the other side of the ledger. That's a debt owing on that property till maybe next year or the year after. There is the problem that

comes out of it, and once you get in arrears your taxes are not only on arrears but they're also paying a high cost of interest, the price today.

**MR. CHAIRMAN:** Further questions for members of the committee? Seeing none, thank you very much, Mr. Doering.

Mr. Stephen Olnick, Manitoba Beekeepers Association.

**MR. S. OLNICK:** Good afternoon. I'd like to thank the committee and you, Mr. Chairman, for the opportunity to appear here today.

I'd like to make a few comments, if I could, about the Manitoba Beekeepers Association, because I think in the farm community beekeeping is one of the probably most unknown subjects, because I imagine most people are afraid of bees although they have no actual cause for this, but I'm afraid that's the conception we all operate under.

I think maybe, Mr. Chairman, we might have a little bit of an easier time - I've been given to understand you might have a little bit of understanding of what I'm talking about today. I'd like to start off by mentioning a few . . .

**MR. CHAIRMAN:** You mean because I'm being stung this morning or because I'm a beekeeper?

**MR. S. OLNICK:** Well, actually myself, I prefer the word apiarist; I can't stand the word "beekeeper." You don't call people who are in the cattle business cowkeepers and I've never ever liked that. Unfortunately, our association's name was picked 75 or 76 years ago, I believe, so I wasn't around to help make the decision.

I'd like to start off by mentioning a few statistics about the beekeeping business because, like I say, I don't think most people know very much about what bees can do for you here today. In 1982 there was approximately 1,600 beekeepers operating 108,000 colonies of bees. Roughly 200 of these beekeepers managed in excess of 100 colonies and are considered commercial operators. The remaining 1,400 operate less than 100 colonies each and are considered to be in a hobbyist category.

The 1982 crop was the highest on record amounting to 17.2 million pounds and is worth approximately \$10.8 million. Manitoba has the highest average production of honey per colony in Canada and after the Province of Alberta is second in total production. I think this is a little bit significant to us in that we are a rather small group and I think that we do contribute a fair amount to the Manitoba economy but, like I say, with a small group.

In addition to the honey produced, something of value to the farmers is the pollination service that bees provide. There is the pollination of canola or rapeseed as it used to be known, sweet clover and buckwheat. I don't think we can overlook these benefits.

This is the third opportunity the Manitoba Beekeepers Association has had to make representation to the Review Committee and our position on taxation remains basically the same. We believe that farm dwellings should be assessed and taxed with no exceptions. On the other hand, we are firm in our belief that farm

buildings used directly for agricultural production should not be taxed. In our case this refers to the beekeeper's honey house which is absolutely necessary for the removal of honey from the hive. Any other farmer who is, say, a grain farmer, he can go out, he can swath his crop, he can combine it, he can leave his equipment sitting in the field, he can have a shed if he wishes. A beekeeper needs an absolutely clean bee type building to operate. He has to have his equipment under a roof at all times. His honey house is, as I say, an absolute necessity. We cannot operate without it. You won't find a beekeeper in the Province of Manitoba or anywhere that doesn't have a honey house. It's the same thing, you won't find any farmer that doesn't own a tractor nowadays. It's operated on the same basis; it's an absolute necessity.

Every year we import about 80,000 packages of bees from the United States at a cost of some \$2 million and now about 35,000 colonies are overwintered now and more beekeepers are becoming interested in this practice. Not only will their money be remaining in the provincial economy but the production of honey per hive is increased. Also, we're not at the mercy of the weather or any other problems that the beekeeping suppliers who sell us the bees every spring have down there during the spring season. The money usually spent on these packaged bees, as I say, it amounts to around \$2 million, can instead be spent here in Manitoba constructing overwintering facilities.

The overall result is of benefit to Manitobans and to our own economy. Indoor wintering is expensive due to the cost of hydro, the labour required to move the bees in, as well as the drugs and feed necessary for the bees' survival. The imposition of any taxes on these overwintering facilities could curtail expansion of indoor wintering in Manitoba.

I might point out that right now the wintering of bees is kind of an iffy proposition; it's not a real moneymaker to overwinter bees. You're on a very fine line of whether it's more to your economic benefit to purchase new bees every spring or to overwinter them. I think anybody that overwinters them, they're making a big investment on their own and, like I say, that money is spent here instead of that money flowing out to California or Alabama or Georgia somewhere.

In reviewing the analysis of the Review Committee Recommendations, the inclusion for taxation of farm buildings which exceed the valuation of the land on which they are situated is a cause for concern to beekeepers. A commercial beekeeper may have both his honey house and overwintering building located on a relatively small parcel of land. You can put up a good-sized honey house and your overwintering building on half-an-acre of land. The money invested in these two buildings far exceeds any exemption for land values as proposed in the analysis.

The Manitoba Beekeepers Association feels that a farm with as many buildings as this on it would pay more than its fair share of taxes if these recommendations were implemented.

In conclusion, I would like to reiterate our position that the beekeepers of Manitoba are providing a valuable pollination service to many crops and the dollar value of our honey crop is significant. As I say, for a small group we feel that we do quite an important job of contributing to the economy. Our opposition to

taxation is based on the fact that our industry would be penalized for producing a commodity from a relatively small land base. I think that's pretty well all I have to say. If anyone has any questions, I'll do my best to try and answer them.

**MR. CHAIRMAN:** Thank you very much, Mr. Olnick. Any questions from members of the committee?  
Mr. Banman.

**MR. R. BANMAN:** Mr. Olnick, instead of the recommendation where the outbuildings will not be assessed till they reach the value of the farmland, do you feel that it would be fair if there was an exemption like a dollar amount fixed on exemptions on buildings with regard to farming?

**MR. S. OLNICK:** I believe that the dollar value is hard to say, because everyone - I'm not sure if I understand that question correctly - I'm not really sure whether everybody spends the same amount of money on their building. Some buildings are worth an awful lot and some buildings aren't worth very much. What I am saying is that we do feel that it doesn't matter how much the beekeeper has invested, that building is necessary and it should be exempt. I don't know if I've answered your question.

**MR. CHAIRMAN:** Mr. Manness. I'm sorry, excuse me, Mr. Banman has a further question.

**MR. R. BANMAN:** One more question. One of the major changes in taxation that will occur, of course, dealing with farm communities - the taxing of farm residence - I guess I'd have to ask you, what do you feel about that recommendation?

**MR. S. OLNICK:** Our association has in the past and, as I say, our position hasn't changed - we are perfectly willing to allow taxation of farm dwellings - it's the honey house that we're really worried about.

**MR. R. BANMAN:** Thank you.

**MR. CHAIRMAN:** Mr. Manness.

**MR. C. MANNESS:** Thank you, Mr. Chairman. I have some feeling for the value of a granary and buildings related to livestock production; I have no feeling for the value of a honey house and overwinter building. Can you tell me the values of these to be built today?

**MR. S. OLNICK:** Are you looking at a dollar value . . . ?

**MR. C. MANNESS:** Well, not the equipment inside it.

**MR. S. OLNICK:** No, but you're looking at how much is the building going to cost today, isn't that what you're saying?

**MR. C. MANNESS:** Yes.

**MR. S. OLNICK:** Well, a honey house nowadays depending on your size - and I can speak for myself

- our building is a Quonset-style building. It's 40 feet by 80 feet; we built that in the middle '60s and I think it cost us around \$14,000 or \$15,000 at that time. Nowadays, I doubt that you could build that same building for roughly \$30,000 and, as far as an overwintering facility, that's even more expensive. Because a honey house is roughly a building where you have your equipment stored, your extracting equipment; you bring your honey in from the hives and the work is done there. You have a lot of money invested in equipment in the building. The building itself is not as expensive as an overwintering building, due to the fact that indoor overwintering demands a lot of exhaust fans to exhaust all the foul air out. It demands an awful lot of insulation; it demands a lot more hydro costs; it's a lot more expensive building to put up in the first place.

**MR. C. MANNESS:** Thank you.

**MR. CHAIRMAN:** Mr. Driedger.

**MR. A. DRIEDGER:** Mr. Olnick, would you consider that there's a difference between a honey house, a hog barn, a dairy barn, or a broiler barn?

**MR. CHAIRMAN:** Mr. Olnick.

**MR. S. OLNICK:** Well, I certainly hope that our honey houses are a lot cleaner than the inside of a hog barn but, basically, I understand what you're saying. Like I say, what we have tried to convey to the committee this time and at other times before is that certainly the modern hog farmer will raise his pigs indoors. Okay? We're aware of this, because I know enough hog farmers myself. But the thing is I think you can get by with a lot less in a hog barn than what you can get by with in a honey house, that's what I'm trying to say. A honey house - it's sort of like your right arm. You cannot operate without it and, like I say, it has to be a top quality, top-notch building. You cannot get away with anything less.

**MR. A. DRIEDGER:** Just a comment - I didn't mean that literally - the difference in there. But in terms of the assessment, for example, a dairy barn you have a capital investment that could run well over \$100,000 just on the building itself. So I wondered for assessment purposes whether you felt there was a difference between your situation and, let's say, agricultural commodity groups.

**MR. S. OLNICK:** Well, I really couldn't say, I don't really know. I would imagine that they're more or less the same type and the same necessity, but I'm just not really sure, like I don't know, I couldn't tell you.

**MR. CHAIRMAN:** Mr. Gourlay.

**MR. D. GOURLAY:** Mr. Chairman, I was wanting to ask Mr. Olnick, in his particular case he outlined the size of his building, what would the equipment cost be compared to the building costs, approximately?

**MR. S. OLNICK:** In my own case, or generally? It all depends. Equipment is, of course, more streamlined



s time goes on. If I wanted to update myself to the latest amount of equipment that I could, I would be spending at least equal, probably more, just on equipment on the indoors. Right now, my equipment, would say would be two-thirds the value of the building.

**MR. CHAIRMAN:** Further questions for Mr. Olnick? Hearing none, on behalf of the committee, Mr. Olnick, thank you very much for your presentation.

**MR. S. OLNICK:** Thank you very much for allowing me to come.

**MR. CHAIRMAN:** The hour being 12:30, committee is adjourned until 2:00 p.m.  
Oh, Mr. Gourlay.

**MR. D. GOURLAY:** Mr. Chairman, I'm just wondering if we can get some idea, that we have a lot of names here to go. Obviously we're not going to finish today. Should we establish some kind of procedure for those that will not be heard today, when would they be given the opportunity to come before this committee again?

**MR. CHAIRMAN:** Since there are in the neighbourhood of a dozen presentations from individuals outside of the city, we may have some difficulty accommodating all of those this afternoon, so it's highly unlikely that we will be able to hear any presentations from persons from the City of Winnipeg this afternoon. I think that's the first point Mr. Gourlay has raised.

The second point, as to when the committee will meet again, is something that has not been discussed amongst members of the committee, but I think possibilities exist for next Wednesday. That's something I think that the members of the committee will have to discuss over the noon hour.

When the committee was travelling, some preliminary discussions were held because we anticipated a large meeting here in Winnipeg; the suggestion was next Thursday.

I've recently been advised that next Wednesday's Cabinet day has been moved to Thursday. There will be a Cabinet meeting next Thursday. I'm sure those making presentations would like the Cabinet representatives who are on the committee to be present, so I would suggest the committee may wish to consider over the noon hour reconvening next Wednesday to hear additional presentations. Perhaps we can make that decision when we come back at 2:00 p.m., unless members want to make it now.

Mr. Gourlay.

**MR. D. GOURLAY:** Well, I think we should establish it now because some of the people would like to get away. They don't want to come back again at 2:00 o'clock to find out when we're going to meet again. I think we can come to that decision now, can we not?

**MR. CHAIRMAN:** Mr. Adam.

**HON. A. ADAM:** Yes, I would agree with Mr. Gourlay that we should decide before we break for lunch because there are some that may not wish to stay, and they don't have to come back at 2:00 p.m. So I believe, as far as I'm concerned, Wednesday is satisfactory. If my colleagues and you are all in agreement, we're prepared to come back Wednesday.

**MR. CHAIRMAN:** It's been suggested we come back next Wednesday at 10:00 a.m. and, if necessary, at 2:00 p.m. Is that agreed? (Agreed)

The committee is adjourned and stands adjourned until 2:00 p.m.