



OPINION

THE CANADIAN CHAMPION

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Proud owner of a new mortgage

I'm buying a house. I figured a subject like this would lend itself to humour. I planned several columns on it but I was wrong, wrong, wrong.

Buying a new house is not fun. There is little humour in taking out a huge loan or in watching as careless workmen wreak havoc on the biggest investment of your life. So I jotted down some of what I learned to provide tried and true tips that will help you experience the bliss of hassle-free home ownership.

First, who are you buying a house for, you or your real estate agent? Avoid buying your real estate agent's home in addition to your own. Buy a home large enough to avoid several moves to slightly larger houses. Instead of paying them several times as you move up market, spend a little extra and buy a bigger house yourself in the first place.

A key thing to remember: When you wave around tens of thousands of dollars, even if it's borrowed, you become a very popular person. Banks call you. They want to lend you money. Mortgages are profitable. They'll lend you more money than you really need, especially if they think you stand some small chance of paying it back. Banks call it business. It used to be called usury, then loansharking.

When the word gets out that you're buying, developers rain mail upon you. It's sort of like a Biblical plague of locusts. If you could collect all the postage you'd have a nice little down payment.

It's hot to put big houses on small lots. The



Reaume with a View

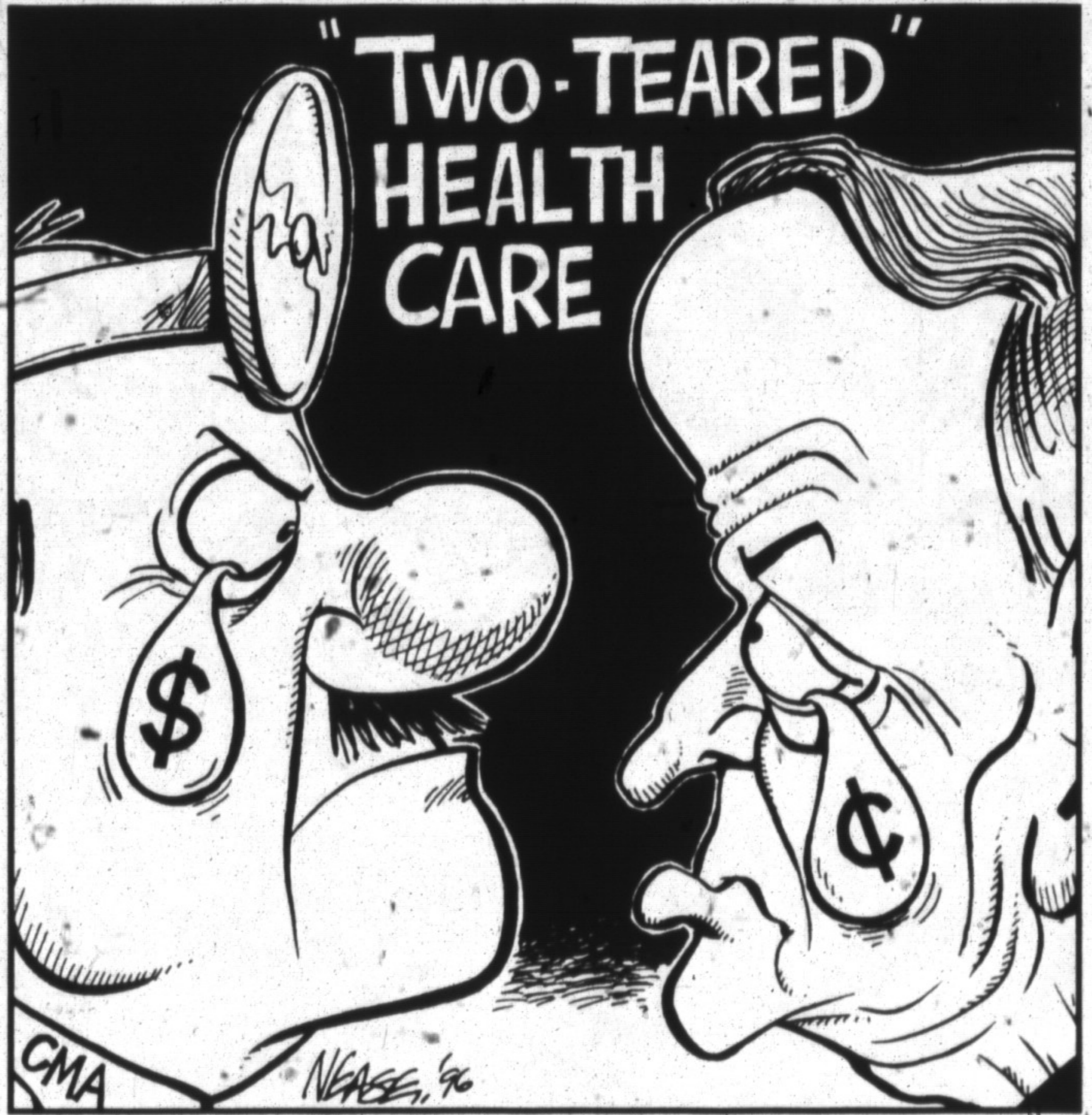
with BRAD REAUME

only way to make houses affordable these days is to make the lots the size of cells, but not like those in a prison, more like amoebas.

These days the difference between a single family dwelling and a town house is about five feet of grass to mow.

The next tip is to appear at various times of the day to watch the construction. Stand there with your arms folded. Crinkle your brow. Take notes. Shake your head sadly. As you speak to the construction manager, taking care to speak of only the most general deficiencies, have your wife sob quietly (they are good at this).

If you manage to make them feel guilty about some shortfall they might do something extra. If they think there's something wrong they'll likely fix it. So go a few days later and see if they've changed anything or in fact done anything at all. It'll give you an answer to your gambit and might get you a little extra finishing work or an extra decorator tile, and that's gotta be worth two, maybe three bucks.



Teach kids to overcome shyness

Shyness is not a mental disorder — social phobia is. A social phobia is shyness gone wild. If shyness in children continues unabated over the years, it can and often does turn into a social phobia.

Social phobia is the third most common mental disorder, after depression and alcoholism. It doubles the chances that a person will become depressed and/or alcoholic.

Both shyness and social phobia are rooted in a fear of humiliation and embarrassment when around other people, especially unfamiliar people. They involve a fear of being evaluated by others, a sense that one is always being viewed negatively. As a result, these people tend to cut themselves off from the good things in life — social interactions, love, family, even career opportunities.

Shy kids don't have to grow up to be social phobics. Many just remain shy. Their social anxiety may prevent them from feeling entirely



Psychology in the '90s

with DR. ARNOLD RINCOVER

comfortable at parties or in asking someone for a date, but they still do it. Their anxiety isn't crippling.

Preliminary research by Nathan Fox, a psychologist at the University of Maryland, suggests which types of home environments help children overcome their shyness. He studied highly reactive babies who were shy early but had overcome it by age seven. The large majority were in homes where "my parents didn't make me do things I was afraid of" or "my parents introduced me to new things slowly".

Dr. Fox suggests that parents can help young children overcome their shyness by providing a supportive home environment which recognizes their anxieties and shyness and lets the child go at his own pace.

Research on older children (and adults) suggests that cognitive-behavioural treatments can help. Richard Heimberg, a psychologist at the State University of New York's Albany Center for Stress and Anxiety Disorders, teaches people to recognize the inaccuracy of their self-perceptions.

He uses role-playing and videotapes so that shy people can study their own behaviour and how people respond to them.

They are taught what to look for in other people's reactions, what they missed or didn't see, what's important and what isn't in peers' reactions. The kids take notes for each new role-play and then practice analyzing them correctly. They not only learn how to read other people accurately, but they improve their self image in the process.

The author found that 80 percent of patients showed significant improvement after treatment. Six months later, the relapse rate was only 17 percent, compared to a relapse rate of 50 percent for those in an anti-anxiety drug treatment control group. Teaching shy children how to read other people's reactions is a key to holding their anxiety in check and preventing the development of social phobias.

Why was AVA called the best alternative?

Is AVA (actual value assessment) really the wonder drug to cure the problems with Ontario's property tax system? If so, why then are an increasing number of Ontario taxpayers reluctant to swallow this magical brew? Is it the ingredients, the side effects, or the lure of easier to swallow remedies?

The provincial standard for assessment used to be based on the actual value. Then, in 1970, the province took over the responsibility for property assessment from the municipalities. The purpose of this whole exercise was to bring all property assessments in Ontario to a common base using current market values.

Gave up

By 1978, the Ontario government gave up on the idea of a province-wide assessment system and moved to a local option approach. This gave municipal councils the choice of updating their assessment base or retaining the base valuation year already in use.

In the mid-1980s, the provincial government began encouraging region-wide assessment in parts of Ontario with two-tiered local government. Legislative changes were made which allowed most regional governments, with the exception of Metro Toronto, to initiate re-assessment.

Let's Talk Taxes



with PAUL PAGNUELO

If a county or regional government opts for re-assessment, the entire county or region goes on to an automatic update cycle every four years. Otherwise, the decision to re-assess stays with the local municipality and there is no automatic update cycle.

AVA is little more than a flash to the past. In simple terms, it is an annual update system which uses a computer model to estimate property values and then averages them over a three-year period.

Under AVA tax equity is a moving target because it requires annual re-assessment. Tax burdens shift as market values move. However, there are one time only assessment alternatives where tax equity remains stable, without the need for ongoing tax shifts.

Israel uses a unit assessment system where the assessment is determined by the physical dimensions of each property. Tax rates per square meter are policy-based, with variations by building type and location.

Eight bands

The United Kingdom has adopted a system which assigns residential properties to one of eight 'bands' of 1991 values, with each property in a band paying the same level of tax.

Non-residential properties, on the other hand, are not banded but individually appraised on a renter-value basis, with a five year re-evaluation cycle.

California, which used to be on an AVA system, moved to 'actual price acquisition' in 1978. Assessments were rolled back to 1975 actual values, with a 2 per cent annual inflation factor. Assessments are frozen until the property sells, at which time the sale price becomes the new assessed value.

In seeking meaningful reform to the property tax system, Ontario had several assessment models to choose from. The Harris government has yet to provide a convincing argument as to why it selected the tax collector's dream of AVA and completely ignored proven assessment alternatives.