



LEADERSHIP, ADVOCACY AND SERVICE FOR MANITOBA'S PUBLIC SCHOOL BOARDS

Presentation of the Manitoba School Boards Association on Bill 71: The Education Property Tax Reduction Act

Good evening committee members. In this time of pandemic, during the second shutdown of this province's schools, I would like to begin by recognizing the difficult and challenging times that all families of Manitoba are having to endure right now.

Maintaining the health, safety and well-being of our students, staff, schools and communities remains our top priority. Difficult and challenging choices must be made to further this commitment. Thus, many school boards and senior divisional teams are in the midst of planning, even as I address you now, for the complete transition to critical-red pandemic response level in the week ahead. As committee members are aware, this is set to happen one day from now in Winnipeg, Brandon and for the scores of schools province-wide currently experiencing multiple COVID-19 outbreaks.

While many would have appreciated the opportunity to participate in these committee hearings, we therefore bring their voice to these proceedings, as their association.

Nearly 184 years ago, North America gave birth to a distinct model of education: public education. There were six guiding principles behind this new form of schooling:

1. the public should no longer remain ignorant;
2. that such education should be paid for, controlled, and sustained by an interested public;
3. that this education will be best provided in schools that embrace children from a variety of backgrounds;
4. that this education must be non-sectarian;
5. that this education must be taught using the tenets of a free society; and
6. that education should be provided by well-trained, professional teachers.

Over the years, Manitoba's model of publicly funded, democratically elected and community controlled education has represented a vanguard against the many risks and dangers that these community values would be lost. We believe that all Manitobans must become aware of this inheritance and we encourage this legislature to defend and protect it.

The fact is that Manitoba's system of public education remains among the envy of the world. We are sought out by nations and states around the world as a model worth looking to. The reality is that our system of public schools and the administrators, teachers and staff who serve that system, have fulfilled the promise and the social, cultural and fiscal value of what public education has been all about, for nearly two centuries in North America.

No mistake should be made that our communities continue to favour the delivery of a strong, decentralized education model. A model that is supported by both local and fiscal autonomy.

Across many formal education reviews over the past century, there had always been final consensus across Provincial decision makers that some measure of fiscal autonomy for communities remained desirable. Only in this way would the province ensure that local programming, services and supports for students would continue to receive sustainable support. Not because this was to be funded out of our citizens' pockets or off of their kitchen tables, but because public education acknowledges that community contribution towards meeting community needs is a critical element for retaining the public nature of public education.

Across our counterparts in the United States, where local referenda often take place before school levies are raised, majority community support for this important fiscal relationship continues to be amply demonstrated. We have no doubt that the same would be demonstrated had this model been applied here in Manitoba. We are not an island amidst the continental experience. Local voices and local choices is a philosophy that has extended well beyond governance, to include funding as well.

Therefore, while school boards have been the strongest supporters of lower taxes for all property owners, it is as important to provide stable and sustainable funding support for our students and schools too. The record is there to be studied by any Manitobans who wants to review the long history of school board advocacy for lessening the reliance upon taxes to fund education in this province.

Never did this advocacy however, envision the whole scale repealment of property taxes, largely because the province's fiscal health has never provided a sustainable means to achieve such a goal. The challenge was studied many times by experts and interest groups over the past quarter century. At all times, a viable solution remained elusive because our province and its people could not afford the steep social and economic cost involved with doing so. This does not mean shying away from addressing the challenge face forward but there are many policy options and levers that could also do so, which come with greater sustainability and feasibility than that which is proposed under Bill 71.

The tax relief package presented under Bill 71 means that hundreds of millions of dollars will be taken from Manitoba's classrooms over the next two years, to provide rebates to some Manitoba proprietors. Rebates that come at the expense of reducing long established credit programs that help make taxes more affordable.

Bill 71 lays out a twenty-five percent reduction in school tax revenues, in each of the next two years. In effect, what Bill 71 proposes, means halving the total school taxation revenue base. This will account, on average, for one out of every five dollars of the total operating funds needed to sustain and support our students. It is the equivalent of removing funding for nearly two out of the current nine months of the school year. And as stated in public announcements, this is only the start of the government's decade long commitment to phase out school property taxes in their entirety. More rebates instead of reinvestment of those funds in education, along with greater elimination of existing tax credits and targeted rebate programs.

For local school boards, you can well imagine that this is very concerning. If any of this were technically feasible without massive loans requiring debt financing, it is otherwise very difficult to understand how Bill 71, or the ten year forecast for entire repealment and replacement of school taxation investment, remains within the realm of what is possible for our province and its people at this time.

The Government has indicated that it intends to provide funding of \$1.6 billion over four years to help achieve this repeal and replace platform, to help sustain public education. But under Budget 2021, there were no details about where this investment will come from, even while the Government earlier on Budget Day announced a \$2 billion deficit in overall provincial funding. It need not be said that this is double the deficit amount preceding the current Government's first electoral mandate.

So for school boards, this is also concerning. To date, we have seen statements by the Government to the effect that the province's fiscal situation will improve over time. Sound policy cannot be premised on harvesting the fields before they are planted. There remain two billion reasons why this fiscal situation would require far more than just general inflationary improvement and moderate provincial GDP growth, in order to set the stage for Bill 71 to be categorized as a prudent, sustainable or viable fiscal policy to meet the needs of our children and our communities.

As originally announced during the 2019 provincial election, the Government itself recognized that repealment of school taxation could be entertained, only at such time as the budget was balanced and the deficit had been slayed. Those circumstances are simply not present at the current time.

Every policy requires three ingredients for success. They must be technically feasible, politically supportable and organizationally implementable. For all of the reasons stated, Bill 71 would appear to fail this strategic policy test.

Many comments were made by senior officials and spokespersons of the Manitoba Government about their intention behind Bill 71. About how the planned tax reforms would address "Manitoba being the last province that collects school property taxes in Canada".

This is simply untrue.

In seven out of ten provinces, as we are certain everyone around this committee table well knows, school support remains funded by property tax. You also know that the only difference between them and us is that Manitoba is the last province where local communities have the authority to raise their own funding to support schools, budget and decide how this investment from their communities is used to support students and schools in those same communities.

That is the truth.

In the other provinces, communities must beg their legislature for each and every dollar and cent their schools receive. But at the very least, communities in British Columbia through to Ontario retain local budgeting accountability for their students and schools, based on what they do receive from their legislature, through the continuing and valuable role of their local school boards.

The grave error encapsulated under what is further proposed under Bill 64, by removing this significant local fiscal accountability- eliminating local voice and local choice under a grossly mistaken notion that taxing and bargaining are the only roles of school boards, denies the rich post-taxation experience of every other province to the west and to our immediate east.

In jurisdictions across Canada, school boards have continued to exercise significant fiscal accountability for budgeting and allocation of funds, taking constituent requirements into view before funding is invested. This occurs even where taxation support for schools flows entirely from the provincial treasury, which in each of those provinces, is based on continued taxation of people and their properties. Instead, the consequence of Bill 71 and 64 would be to place the good of education, and its public funding support, solely in the hands of decision makers down on Broadway, no matter which political stripe, rather than on Main Street Manitoba.

Given that the \$1.6 billion in replacement monies will involve public investment, however that funding is to be achieved, we can only highlight that eliminating local fiscal revenue generation and accountability, as proposed under Bill 71 and Bill 64, is a reality that all Manitobans must carefully and cautiously consider.

With that, I will conclude by thanking the committee for its time. We trust that moving forward, this legislature will do the right thing for our shared communities and constituents. At this juncture, it is not too late to reconsider how Bill 71 is at all possible. There is time for every member of this assembly to understand the true significance of what it will mean in terms the sustainable support of our students and schools, both now and in years to come.

The time to strike a comprehensive tax commission is long past due. Such a commission would explore all taxation in Manitoba, towards making a meaningful difference for all citizens, and not one borne exclusively by our students and their future as will be impacted per Bill 71. We therefore renew our recent and longstanding call, along with those of municipal, agricultural, business, and real estate community partners province-wide, in the need to strike such a tax commission. We do so however with great caution, given how casually the recommendations of a recent provincial commission seemed to have been set aside, along with the heart and soul of those Manitobans who came out to inform their future. The future of education in Manitoba.

Thank you.

APPENDIX

Where do school taxes go today?

