



Meeting with
The Honourable Peter Bjornson
Minister of Education, Citizenship & Youth

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Table of Contents

Executive Summary.....	3
Departmental Issues.....	5
1. Reduction of Education Tax from Property	5
2. Anti-Drug Programs in Schools	7
3. Amendments to Public Schools Act for Public Hearings	8
General Issue.....	9
1. Water Issues.....	9
Appendix A – Active Resolutions	11

Executive Summary

Departmental Issues

1. Reduction of Education Tax from Property

- The need to modify education funding mechanisms has been a long-standing municipal concern.
- The AMM is pleased that the Province has allocated additional funding to education in recent years, however the continued reliance on property tax is unsustainable.
- Since property taxes are the primary method of generating municipal revenues, municipalities require increased control over the level of local property taxes.
- These problems are compounded by situations where municipalities are unable to collect property taxes, yet are required to remit the full education portion to the Province, such as Crown land leased to private individuals.
- The complex nature of this task requires a long-term plan and the AMM is pleased that the Provincial Government has committed to an 80:20 funding formula to be phased in over five years. To ensure that education funding remains adequate and equitable, this ratio must apply to operating costs rather than to all education expenses.

Therefore, the AMM urges the Provincial Government to implement a long-term plan to reduce the reliance on education property tax and to achieve an 80:20 funding ratio for operating costs.

2. Anti-Drug Programs in Schools

- Municipalities have an important role in defining local crime prevention tactics and are therefore seeking methods of eradicating drug use among young people.
- Youth education is a critical process since it can develop relationships with positive role models and effectively reduce crime over the long-term.
- The Provincial Government has an opportunity through the education system to work towards preventing the variety of crimes associated with substance use.

Therefore, the AMM urges the Provincial Government to provide funding and support for anti-drug programming as part of Manitoba's school curriculum.

3. Amendments to Public Schools Act for Public Hearings

- Public hearings represent a key part of the municipal planning process since local residents have an opportunity to provide feedback on municipal initiatives.
- While there is inherent accountability through the school board election process, municipal councils are not only elected but also subject to additional measures that maintain accountability.
- Since the connection between long-term borrowing and property taxes is comparable for school boards and municipalities, similar expectations should be required of each entity.
- Although *The Public Schools Act* allows the Minister to refer financing matters to a vote of the resident voters of the school division, this provision is not exercised frequently enough to ensure that the public opinion is adequately considered.

Therefore, the AMM urges the Provincial Government to amend *The Public Schools Act* to require that school board approval processes include public hearings on matters of long-term borrowing.

General Issue

1. Water Issues

- Water management is one of the most important issues facing Manitoba today and we believe it is important that all Ministers understand the significance of the current direction to municipalities.
- Municipalities certainly agree with the Province on the high level goals and visions laid out so far. However it is how the Province is looking to move forward in arriving at these goals that has raised concerns for municipalities.
- Conservation districts (CDs) have become the delivery mechanism of choice for water initiatives in Manitoba, however the funding for CDs has never been equal to the expectations that have been placed upon them. The *Framework for the Future* document advocates for a scenario where the Province will provide little additional funding, while increasing the expectations for CDs.
- There is real concern that the proposed changes to the funding mechanisms will seriously erode the importance of local priorities, ultimately leading to the erosion of local authority.
- By being forced to use the vast majority of the CD budget on provincially directed initiatives, there will be nothing left to deal with local priorities.
- We are also very concerned with the approach taken by the department in trying to gain feedback on the document. The questionnaire is misleading in that it does not deal with these fundamental issues, and instead focuses on support for the very general goal statements.
- We are hopeful that although the Province has moved forward unilaterally on this initiative, there is still opportunity to find a workable solution that benefits everyone.

Departmental Issues

1. Reduction of Education Tax from Property

The need to modify education funding mechanisms has been a long-standing municipal concern. The current system of education taxation on property was developed at a time when land ownership was more evenly distributed among the population. However, changing patterns of land ownership over the past decades have made this mechanism grossly inequitable. The extensive municipal consequences have led the AMM to identify education funding among its top priorities for several consecutive years.

The AMM is pleased that the Province has allocated additional funding to education in recent years, however the continued reliance on property tax is unsustainable. The Province has taken the first steps towards reducing the reliance on property taxes through the elimination of the residential ESL, the commitment to increase the education tax rebate on farmland to 80 per cent, and recent increases to the education property tax credit. However, further movement is required since there has been no change to education taxation on commercial property. The Province must recognize that education is a core Provincial responsibility by shifting education funding off the property taxation system and seeking new, sustainable ways of funding education.

Without such a change, municipalities continue to face difficulties in providing the wide range of municipal services required in their communities. Since property taxes are the primary method of generating municipal revenues, municipalities require increased control over the level of local property taxes. Once this is achieved municipalities will be better equipped to ensure that all applicable municipal services are appropriately funded. Left unchecked education taxes on property will continue to be a significant barrier to municipal service delivery. Therefore, education taxation will remain a priority until Manitoba municipalities are empowered with greater control over local property taxation.

These problems are compounded by situations where municipalities are unable to collect property taxes, yet are required to remit the full education portion to the Province. For instance, many municipalities encompass Crown lands that are leased to private individuals. As the lessee,

the private individual is responsible for both the municipal and education portions of the property taxes. However, municipalities have no enforcement authority regarding these Crown lands in cases where individuals do not pay their property taxes. Municipalities cannot seize the property since it is Crown land and must therefore absorb the loss of municipal tax. In addition, municipalities are still responsible for the full amount of the education taxes, regardless of whether they have been collected. The Province must implement measures to ensure that individuals are fulfilling their requirement to pay property taxes on leased Crown land.

Municipalities fully support high quality education and do not advocate a reduction in education spending to accomplish these goals. However, an effective funding system must be established whereby education is funded equitably by all Manitobans. The complex nature of this task requires a long-term plan to address the extensive changes that are required. The AMM is pleased that the Provincial Government has committed to an 80:20 funding formula for education to be phased in over five years. At the same time, to ensure that education funding remains adequate and equitable, this ratio must apply specifically to operating costs rather than to all education expenses. Otherwise, the education funding system will continue to rely too heavily on property taxes and municipal concerns would not be addressed.

Therefore, the AMM urges the Provincial Government to implement a long-term plan to reduce the reliance on education property tax and to achieve an 80:20 funding ratio for operating costs.

2. Anti-Drug Programs in Schools

Today's youth are facing increasing exposure to drugs in all areas of Manitoba. The accessibility and severity of available drugs creates major problems with addiction and impacts the vitality of youth in their communities. Municipalities have an important role in defining local crime prevention tactics and are therefore seeking methods of eradicating drug use among young people. For this reason, the AMM has been working to promote community engagement of the RCMP's Drug Abuse Resistance Education (DARE), Lions Quest and similar programming.

The complex social problem of substance use and abuse requires attention from all orders of government. Municipalities are interested in fostering vibrant communities and the identification of local crime prevention initiatives is a key aspect of these efforts. Youth education is a critical process since it can develop relationships with positive role models and effectively reduce crime over the long-term. Therefore, the Provincial Government has an opportunity through the education system to work towards preventing the variety of crimes associated with substance use. DARE and Lions Quest are two of the most prominent anti-drug programs available, particularly since the former is facilitated by the RCMP. Municipalities have suggested these programs as possible avenues for teaching drug avoidance techniques through the school curriculum, yet there are various additional mechanisms that can offer this valuable education to Manitoba's youth. Therefore there are many options available for the Provincial Government and local school boards to include drug prevention programming in schools, while ensuring that the needs of local communities are met.

The Provincial Government must address the detrimental effects of drug use among youth since the pervasive availability of illegal substances has widespread consequences for all Manitoba communities.

Therefore, the AMM urges the Provincial Government to provide funding and support for anti-drug programming as part of Manitoba's school curriculum.

3. Amendments to Public Schools Act for Public Hearings

Public hearings represent a key part of the municipal planning process since local residents have an opportunity to provide feedback on municipal initiatives. Long-term borrowing proposals from municipalities have the potential to impact property tax rates due to their reliance on property taxes as a primary method of revenue generation. School boards are in a similar position since approximately half of all property taxes are allocated to education. Therefore, similar processes should be required of both municipalities and school boards based on the impact of long-term borrowing on ratepayers.

Municipalities are strong proponents of accountability in public decision making and therefore continually support the municipal public hearing process. At the same time, there is a need for other public entities to be held to the same standards of accountability. While there is inherent accountability through the school board election process, municipal councils are not only elected but also subject to additional measures that maintain accountability. Since the connection between long-term borrowing and property taxes is comparable for school boards and municipalities, similar expectations should be required of each entity. Community ratepayers are affected by the spending of school boards as well as municipalities and should therefore be afforded sufficient opportunity to comment on the expenditures and financing proposals of school boards.

Although *The Public Schools Act* allows the Minister to refer financing matters to a vote of the resident voters of the school division, this provision is not exercised frequently enough to ensure that the public opinion is adequately considered. In contrast, the public hearing process is an effective and consistent mechanism to offer residents a voice in the decision making of public authorities. For this reason, school boards should be required to hold public hearings regarding long-term borrowing proposals.

Therefore, the AMM urges the Provincial Government to amend *The Public Schools Act* to require that school board approval processes include public hearings on matters of long-term borrowing.

General Issue

1. Water Issues

Each year the AMM includes a top issue as a general agenda item for its meetings with all individual Cabinet Ministers. This year the AMM Board is taking municipal concerns with the current Provincial direction on water-related issues. The reason we are taking this issue to all Ministers is to let each Cabinet Minister know the importance of this issue to municipalities and our primary concerns. We believe this is one of the most important issues facing Manitoba today and we believe it is important that all Ministers understand the significance of the current direction to municipalities.

The AMM has always been a willing partner on water initiatives whenever asked. The AMM was one of the most vocal advocates for the creation of a single department to deal with water initiatives. The AMM has also participated on a number of provincial direction-setting initiatives, including the Manitoba Water Strategy. Municipalities know firsthand the importance of properly managing water and have always been willing to do what is needed. Clean drinking water, safely managed wastewater, and proper drainage and water management are all priorities for municipalities, just as they are for the Province.

Municipalities certainly agree with the Province on the high level goals and visions laid out so far. However it is how the Province is looking to move forward in arriving at these goals that has raised concerns for municipalities.

Throughout the last number of years municipalities have been raising concerns with how all of the new directions announced by the Province will be funded. Most recently the Province released *Framework for the Future*, a discussion document on the future of conservation districts in the province, which is most alarming. Conservation districts (CDs) have become the delivery mechanism of choice for water initiatives in Manitoba, however the funding for CDs has never been equal to the expectations that have been placed upon them. This document advocates for a scenario where the Province will provide little additional funding, while increasing the expectations for CDs.

One of the greatest strengths of CDs is that they are locally driven, with boards comprised of local residents making decisions based on local priorities. However there is real concern that the proposed changes to the funding mechanisms will seriously erode the importance of local priorities, ultimately leading to the erosion of local authority. This new proposal is to link limited provincial funding with provincial priorities, taking away a local CD's ability to use provincial funding for locally decided priorities. By being forced to use the vast majority of their budget on provincially directed initiatives, there will be nothing left to deal with local priorities. While we certainly expect there to be similarities between provincial and CD priorities, any flexibility in addressing local priorities will be lost.

These are very fundamental issues that need to be discussed and dealt with in order for the CD program to work in Manitoba. However we are very concerned with the approach taken by the department in trying to gain feedback on the document. The questionnaire is misleading in that it does not deal with these fundamental issues, and instead focuses on support for the very general goal statements. We feel the information gained from the questionnaires will only provide part of the picture, while many of the more fundamental issues are not addressed.

The AMM has a long history of working together with the Province, and over the last few years we have worked closely on numerous issues. While often we have differing opinions about what is best, we have been able to work together to find solutions to challenges and with the end result being what is best for all Manitobans. We are hopeful that although the Province has moved forward unilaterally on this initiative, there is still opportunity to find a workable solution that benefits everyone.

Appendix A – Active Resolutions

AMM Resolution Number 14 - 2007

Topic: Increased Funding for Hometown Green Team Program

Sponsor: RM of St. Laurent (Interlake District)

Departments: Manitoba Education, Citizenship & Youth

WHEREAS the Hometown Green Team Program provides employment opportunities for youth living in rural areas where summer employment opportunities are scarce;

AND WHEREAS rural communities depend on the Hometown Green Team to provide many much needed services;

AND WHEREAS it is in the best interest of rural communities to retain their youth through employment opportunities;

AND WHEREAS the Hometown Green Team Program provides a wage incentive equal to \$4.16 per hour (50 per cent of minimum wage plus vacation allowance), while the Urban Green Team Program provides \$8.70 per hour (100 per cent of minimum wage plus vacation allowance and employer contributions to Employment Insurance and the Canada Pension Plan);

AND WHEREAS applications for Hometown Green Team funding far exceed available resources;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to fund the Hometown Green Team Program at the same hourly rate as the Urban Green Team Program;

AND BE IT FURTHER RESOLVED THAT the AMM lobby the Province of Manitoba to increase funding for Hometown Green Team Program to allow more applications to be approved.

AMM Resolution Number 29 - 2007

Topic: DARE Program in Schools

Sponsor: City of Thompson (Northern District)

Departments: Manitoba Education, Citizenship & Youth

WHEREAS the selling, distribution, variety and use of drugs is increasing in Manitoba;

AND WHEREAS exposure to drugs of youth and children is becoming increasingly more common;

AND WHEREAS there is an urgent need to address these issues prior to them getting out of hand;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to consider the DARE (Drug Abuse Resistance Education) Program as a curriculum course in schools;

AND BE IT FURTHER RESOLVED THAT the AMM lobby the Province of Manitoba to provide funding and support for the DARE Program, Lions Quest Program, and like programs.

AMM Resolution Number 36 - 2007

Topic: Public Schools Amendment Act

Sponsor: Town of Morden (Central District)

Departments: Manitoba Education, Citizenship & Youth

WHEREAS *The Municipal Act* requires municipalities to hold a public hearing in respect of any plan or proposal requiring long term borrowing prior to the plan or proposal being initiated, in order to provide taxpayers the

opportunity to present their views on having to pay for the plan or proposal, following which public hearing the plan or proposal must be approved by The Municipal Board;

AND WHEREAS school division taxes make up approximately fifty per cent of property taxes;

AND WHEREAS the impact of long term borrowing by school divisions can have the same impact on taxpayers as long term borrowing by municipalities;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to amend *The Public Schools Act* to require school divisions to submit to a similar approval process as municipalities, including holding a public hearing, in respect of any plan or proposal requiring long term borrowing prior to the plan or proposal initiated.

AMM Resolution Number 14 - 2006

Topic: Education Funding

Sponsor: City of Brandon (Western District)

Departments: Manitoba Education, Citizenship & Youth, Manitoba Finance

WHEREAS seniors and moderate income earners are trapped between low/fixed incomes and fast moving increased assessment;

AND WHEREAS the Education Special Levy for local school divisions in the Province of Manitoba varies between 18 and 35 mills;

AND WHEREAS farmland receives a farmland school tax rebate from the Provincial Government of 60%;

AND WHEREAS residential and commercial taxpayers are tired of receiving a municipal tax bill showing one half of the tax being applied to school operations;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province of Manitoba to restore the local education funding level of 80% of school operating costs for Kindergarten to Grade 12;

AND BE IT FURTHER RESOLVED that the new funding levels be phased in over 5 years beginning in 2007.

AMM Resolution Number 56 - 2001

Topic: Payment of Education Taxes

Sponsor: RM of St. Andrews (Interlake District), RM of Wallace (Western District)

Departments: Manitoba Education, Citizenship & Youth

WHEREAS Manitoba municipalities, by legislation are obligated to collect school taxes on behalf of local school divisions;

AND WHEREAS Manitoba municipalities receive no administrative compensation for performing this obligation;

AND WHEREAS the education/special taxes must be submitted in totality to both provincial and local education authorities by January 31 of each year, whether the municipality has collected the current year's education taxes or not;

AND WHEREAS municipalities such as the RM of Wallace for a number of years have found difficulty in collecting personal property tax arrears on oil production sites;

AND WHEREAS it is seen as inequitable and unfair for Manitoba municipalities to have to pay monies to the education authorities that they have not yet collected;

THEREFORE BE IT RESOLVED THAT the AMM lobby the Province to change legislation for municipalities to submit only the percentage of education taxes collected.

BE IT FURTHER RESOLVED that the AMM lobby the Province to make changes to provide where an assessment error has resulted in an overpayment of school taxes that this overpayment be refunded to the municipality.