

Third Session – Forty-Second Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Social and Economic Development

Chairperson
Mr. James Teitsma
Constituency of Radisson

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MANITOBA LEGISLATIVE ASSEMBLY
Forty-Second Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON SOCIAL AND ECONOMIC DEVELOPMENT

Monday, May 10, 2021

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. James Teitsma (Radisson)

**VICE-CHAIRPERSON – Mr. Ian Wishart
(Portage la Prairie)**

ATTENDANCE – 6 QUORUM – 4

Members of the Committee present:

Hon. Mrs. Cox, Hon. Mr. Fielding

Mrs. Smith, Messrs. Teitsma, Wasyliv, Wishart

APPEARING:

Mr. Dougald Lamont, MLA for St. Boniface

PUBLIC PRESENTERS:

Bill 71 – The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended)

Mr. Alan Campbell, Manitoba School Boards Association

Mr. Floyd Martens, Mountain View School Division

Mr. Lorne Weiss, Manitoba Real Estate Association

Mr. David von Meyenfeldt, private citizen

Mr. Bill Campbell, Keystone Agricultural Producers

Mr. David Kennedy, Manitoba Life Lease Occupants Association

Ms. Molly McCracken, Canadian Centre for Policy Alternatives

Mr. Kevin Rebeck, Manitoba Federation of Labour

Mr. Josh Brandon, Social Planning Council of Winnipeg

WRITTEN SUBMISSIONS:

Bill 71 – The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended)

Penny Helgason, Evergreen School Division

MATTERS UNDER CONSIDERATION:

Bill 71 – The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended)

Bill 223 – The Spirit Bear Day Act

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Clerk Assistant (Mr. Tim Abbott): Good evening, everyone. Will the Standing Committee on Social and Economic Development please come to order.

The first item of business is going to be the election of a new Chairperson. Are there any nominations?

Mr. Ian Wishart (Portage la Prairie): I would nominate the member for Radisson (Mr. Teitsma).

Clerk Assistant: Mr. Teitsma has been nominated. Are there any other nominations?

Hearing none, Mr. Teitsma, please take the Chair.

Mr. Chairperson: All right, our next item of business is the election of a Vice-Chairperson. Are there any nominations?

Hon. Scott Fielding (Minister of Finance): Mr. Chair, I'll nominate the member from Portage.

Mr. Chairperson: The member for Portage, Mr. Wishart, having been nominated, are there any other nominations?

Hearing no other nominations, Mr. Wishart is elected Vice-Chairperson.

Now, this meeting has been called to consider the following bills: Bill 71, The Education Property Tax Reduction Act (Property Tax and Insulation Assistance Act and Income Tax Act Amended); and Bill 223, The Spirit Bear Day Act.

I'd like to inform all in attendance of the provisions in our rules regarding the hour of adjournment. A standing committee meeting to consider a bill must not sit past midnight to hear public presentations or to consider clause by clause of its bill except by unanimous consent of the committee.

Also, for the information of the committee, the Assembly is planning on creating a short documentary

film about our virtual sittings. Accordingly, there will be a camera operator in the room—in the committee room tonight filming how we go about our business.

A written submission from the following person has been received and distributed to committee members: it's from Penny Helgason from Evergreen School Division on Bill 71.

Does the committee agree to have this document appear in the Hansard transcript of this meeting?
[Agreed]

Now, prior to proceeding with public presentations, I would like to advise members of the public regarding the process for speaking in a committee. In accordance with our rules, a time limit of 10 minutes has been allotted for presentations with another five minutes allowed for questions from committee members.

If a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list, and if the presenter is not in attendance when their name is called a second time, they will be removed from the presenters' list.

The proceedings of our meetings are recorded in order to provide a verbatim transcript. Every time someone wishes to speak, whether it be an MLA or a presenter, I first have to say the person's name. This is the signal for the Hansard recorder to turn the mics on and off.

Also, if any presenter has any written materials for distribution to the committee, please send the file by email to the moderator, who will then distribute it to all committee members.

I thank you for your patience. We will now proceed with public presentations.

**Bill 71—The Education
Property Tax Reduction Act
(Property Tax and Insulation Assistance Act
and Income Tax Act Amended)**

Mr. Chairperson: All right, I will now call on Alan Campbell from the Manitoba School Boards Association and ask the moderator to invite him into the meeting, and I'd ask Alan Campbell if you could please unmute yourself and turn your video on.

All right. I see you there, Mr. Campbell. Welcome to this evening's meeting. You have up to 10 minutes to make a presentation. Go ahead.

Mr. Alan Campbell (Manitoba School Boards Association): 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 cases in their buildings.

While many would have appreciated the opportunity to participate in these committee hearings this evening, 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 local-lower taxes for all property owners, it is an important-it is important to provide stable and sustainable funding support for our students in schools as well.

The record is there to be studied by any Manitoban 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 was never-has never provided a sustainable means to achieve such a goal.

*(18:10)

The challenge was studied many times by experts and interest groups over the past quarter century. At all times a viable solution and-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 25 per cent 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-cutting it in half. 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 nine current 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 re-investment 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 all 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 10-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 the 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 even planted. There remain 2 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 planned tax reforms would address, quote, Manitoba being the last province that collects school property taxes in Canada, end quote.

This is simply untrue. In seven out of 10 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 their local public school budget and decide how this investment from their communities is used to support students in schools in those same communities. That is the truth.

In the province's community—in 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 in 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 the significant local fiscal accountability, eliminating local voice and local choice under a grossly mistaken notion that taxing and bargaining are the only roles of

schools 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 in 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 consequences of Bill 71 and Bill 64 would be to place the good of education and its political 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 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 that the true significance of what it will mean in terms of the sustainable support of our students and schools both now and in the 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 for Bill 71.

We therefore renew our recent and long-standing 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 seem 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.

Mr. Chairperson: Thank you for your presentation, Mr. Campbell.

Do members of the committee have questions for the presenter?

Hon. Scott Fielding (Minister of Finance): Thanks. I appreciate your presentation and your passion for the subject. I just want to clarify a couple things and I got a couple questions maybe you can, you know, answer in some respects.

Just in terms of the budget: So, we actually did balance the budget in the last public account just for the record and also, you know, we did commit in our last budget to a tax review, kind of a commission that is established. So I just want to clarify that with you that that is a commitment of the government and we've committed to working not just with the business community but all Manitobans in that respect.

And I guess just the third point before I go on to my questions is, you know, much—we probably disagree on Bill 64. We generally think that the money should be spent more on the classroom than the administration, but I guess the questions that I have for you, I'll pose them all three and then maybe you can answer them all together; I don't want to monopolize all the time here.

The \$1.6 billion that the government has committed over the next four years, could you maybe comment on that? What do you think the budget should be? That is a significant amount of money we're committed to.

The second piece is in terms of our commitment to 20 new schools. Of course, we've expedited that process. In fact, this budget put another \$100 million to \$260 million this year to build the 20 new schools. Is that a good, bad idea or do you agree with the schedule?

And I guess the third point: interesting—just because we're in COVID—we committed about \$185 million to COVID supports for schools: \$78 million in this budget.

Could you maybe comment on that, of how that process is going, knowing that we're on budget for those expenditures?

Mr. A. Campbell: Thank you for the questions, Minister.

With regard to the \$1.6 billion, we do acknowledge the commitment of government for reinvestment.

We will also point out, though, that to the best of what we can surmise, the breakout of that \$1.6 billion has never been outlined completely in terms of what—how it's going to be break—broken out and where the funding is coming from, especially in the context of the ongoing commitment and the repeated, repeated, repeated commitment to 20 new schools.

Of course, as school boards, we welcome the commitment of government to build 20 new schools. We also point out that Manitoba has the second lowest capital school—capital investment into public schools in the country over the last five years. So 20 new schools is long overdue and we do appreciate the commitment.

And then in terms of the COVID support, we would consider that a basic expectation of any provincial government in terms of what should be required to fund over and above the basic needs of public education. And then I would also point out the fact that school divisions started investing their own locally derived revenue into COVID supports before there was even a whisper of provincial supports as well.

* (18:20)

So we agree that their system certainly costs more during a pandemic and we appreciate the additional investment from the provincial government.

Mr. Chairperson: All right. Additional questions?

Mr. Mark Wasyliv (Fort Garry): Thank you, Mr. Campbell, for being here tonight and your presentation.

As you know, in the past five years, your members have either seen their funding cut or it has been frozen and not one of your members has received provincial increases on the rate of education inflation, which basically amounts to a cut in government funding.

Tell us how important local 'autonomy', fiscal autonomy was in dealing with the situation when you have a provincial government that doesn't value public education, and what's going to happen when you lose fiscal autonomy and a government still doesn't value public education and doesn't put in the resources to make the system sustainable.

How will that affect, you know, your areas, without the ability to tax?

Mr. Chairperson: Mr. Campbell, you have up to one minute to respond.

Mr. A. Campbell: And thank you for the question, Mr. Wasyliw.

I'll use my own school division here in Interlake as an example. So, our funding here in Interlake has gone down by 2 per cent every year for the last six years, even though our enrolment is actually higher than it was four years ago, based on the continual underfunding of public education by the provincial government.

So that finally came to a head this year and we had to cut \$700,000 out of our budget this year just to break even and in order to do so, we engaged heavily with our public on everything from cutting teacher positions, to cutting school-bus purchases, to cutting our contract with the Addictions Foundation of Manitoba—of course, in rural Manitoba, the local school division is probably the only option for Addictions Foundation of Manitoba relationships—cutting our alternate-education programs, cutting our junior kindergarten programs, our continuing-education programs.

So we went to our public—who came out by the hundreds, by the way—and decided how to get to that \$700,000. But that engagement by local communities about how cuts will need to be made is if the system continues to be underfunded, further to my earlier comments, that engagement will all be gone when the locally elected school board is no longer there to consult with their constituents.

Mr. Chairperson: All right, Mr. Campbell, I thank you. That's all the time we have for questions. Appreciate your time tonight in making your presentation and also answering questions from the committee members.

We'll move on to the next presenter. We'll call on Floyd Martens and ask the moderator to invite Floyd Martens into the meeting; Mr. Martens coming to us from the Mountain View School Division board of trustees.

All right. I can see you now, Mr. Martens. You have up to 10 minutes for your presentation. Go ahead.

Mr. Floyd Martens (Mountain View School Division): Thank you for the opportunity to address the committee and speak to Bill 71.

I'm Floyd Martens, the board chair of Mountain View School Division. On behalf of the board, it's a pleasure to meet with you.

I want to begin by stating that we support the intent of the legislation, which is to reduce the reliance on property tax in order to fund public education.

For decades, school boards have called on governments to shift the level of reliance on local property taxes and for many years the view of an 80 per cent, 20 per cent split was desirable, where 80 per cent of support for education would come from the Province and 20 per cent would be generated locally. This has been based on the belief that public education is a partnership between the provincial government and local communities; both who see its value and contribute directly to ensuring our students receive a quality education.

Investment in future generations is essential to both our province and our communities, thus is a shared endeavour. Having the ability to generate local funds also enables communities to contribute to the unique circumstances existing within a given jurisdiction. Over the years, this has provided for unique programs and services across the province, based on communities' input into what they see is important for their students.

Again, we applaud the intent of this bill to reduce the reliance on property taxation for education but continue to support local or community-based decision-making reflective of specific local needs. However, we have questions and some reservations about what Bill 71 will actually achieve.

When the current government announced its intention to remove education taxes from property, a caveat was included. It would occur once the provincial budget was balanced and would take place over a 10-year period. We recognized this direction as ambitious and also prudent. Given the size of property tax revenue for education, it is an ambitious plan. It's especially the case concerning most jurisdictions in Canada, including all western provinces still use property tax as a source of revenue to fund education.

While generated in other provinces through the provincial government setting levies and not school boards, the money generated from properties apply to education funding. Eliminating it completely is an ambitious direction, particularly given the amount of property tax revenue currently generated.

It also seems prudent. It would happen over a 10-year period of time once there was fiscal stability, yet we are also waiting to see the actual details of how this would be achieved. While school boards and municipal councils who collect the revenue were

anticipating some consultation, knowing that eliminating one source of revenue would require another source of funding to ensure schools would continue to be adequately funded, the scope of property taxation simply too great to not be replaced.

Then along comes Bill 71. The timing of this legislation is certainly a challenge to Manitoba. Given our current fiscal deficits due to the pandemic, we already have seen strain on our current economy. Moving forward on such an ambitious plan at this time is questionable, but Bill 71 also raises other questions. It proposes another rebate program for education property taxes, and while rebates may be good politics, they're not great policy.

It essentially means that either too much is charged and collected, some money needs to be returned, or it tries to assist some segments of the population in their overall tax burden and impacts others.

Given what's transpired over the last 25 to 30 years, this bill simply adds to the complexity of the property tax system. We now have rebates for homeowners, seniors, farmland owners, and now with Bill 71, another rebate program with adjustments to the previous ones.

Therefore, a couple of questions arise from this bill. The current homeowner rebate or education property tax credit of \$700 given to municipalities to offset the education tax portion is directly taken off the individual homeowner's tax bill. With Bill 71, the EPTC amount is reduced by 25 per cent to 5.25, essentially introducing a new rebate while reducing another one.

This means homeowners will initially pay more, given the reduction of this amount, but then receive a cheque to more than offset the extra amount. This applies to other rebates as well, and we anticipate there being confusion in this process.

Bill 71 also addresses the education support levy, which remains on commercial and other property, with a reduction. Of all the taxes, this is the fairest. When it was initially introduced, it was on all property, collected provincially, and then distributed through the funding formula to school divisions based on need.

If the aim is to remove education tax from property, does that mean that this will also change, or will this be the means to raise revenue for education funding, and will we see the expansion of some of this tax on other property into the future? That's how other

jurisdictions raise revenue, through property tax for education, like Alberta.

The other concern with rebates is it shields the actual cost of education. Should the amount of money that's put into the rebate system in Manitoba be put directly into education funding the school divisions, and therefore remove the rebates completely? We'd see no rates across the board drop automatically and the tax burden would be equitably shared, and so would the benefits.

Removing education funding from property tax is more easily achieved when the taxing regime is simplified rather than made more complex, and we see Bill 71 as adding to education funding and taxation complexity. We also wonder, during this process of shifting hundreds of millions of dollars of education funding from property taxation to general revenue, will we see adequate funding—education funding levels—into the future to meet student outcomes and improve results. Because that's the ultimate goal.

We all know there's one taxpayer, and providing rebates in one pocket only to take it from another does not seem like good policy. The intent of Bill 71 is something we can agree with—greater provincial funding and less local taxation. However, we question the timing and if there's not a better way to achieve the same outcomes.

I want to thank the committee for their time tonight.

Mr. Chairperson: Thank you, Mr. Martens, for your presentation.

We'll now move on to questions.

Mr. Fielding: Thanks, Floyd. Thanks for your presentation. Always think I'm talking to that speaker, but I guess I should speak right into the camera here—we have cameras here on both sides.

So, Floyd, thank you, appreciate that. Just, kind of—I'll add—put three questions together, that way we can save some time so other members can ask some questions for it.

* (18:30)

Number one, I guess it'll be more of a are-you-aware, but with obviously the pandemic, people need financial support right now, probably whether you're living in Gimli or Winnipeg or whatever. And this, you know, change that we're making here will put about—on average, about \$481 into the average person

that's paying property taxes, education property tax in the city of Winnipeg.

If you're in Gimli—and I know your school is from Gimli or your region's from Gimli—so you would be saving almost \$300, and that would be doubled over next year: almost \$600. If you're in Brandon, that's about \$455. It could be doubled over the next two years: \$900 back.

So I guess the—I'll ask the one question, and I'll get you to answer all three at the same time. Are you aware of that, the tax relief that Manitobans are going to get? Number 2, are you aware that our budget overall over the last four years for education—education and post-secondary education—has gone up by about \$560 million or \$91 million in this particular budget?

And probably third, probably more integrated in the—you know, in the school divisions: are you concerned right now with inequity in the funding right now? So, for instance, if you're in a school division where there's a lot of property tax base, they're bringing a lot more property tax base and revenues that are in, so does it—are you concerned that the current system leads to some inequities in terms of the funding for whichever regions you live in?

So I'll maybe get you to answer all three of those, Floyd, if you wouldn't mind.

Mr. Martens: Thank you. Yes, I'm aware of the rebate part. By the way, I mean, I'm in—I'm currently in Dauphin; it's in the Dauphin-Roblin area in the province. And I'm aware of the rebate program and how that works. Yes, and I'm, you know, glad there's rebates on property tax.

I guess the thing is that we really need to see a system where there is a reduction in the amount of property tax. We agree with that whole process of that happening. We're just not sure rebates are the best way to do that. I think part of it's the funding formula.

The third part of your question was dealing with the inequities that happen. And I think that's part of the challenge. The funding formula for education as it currently is needs revamping. There has been so much tinkering with it over the years that it's made it very difficult, whether it's been the tax incentive grant process that was in place, whether it's been other tweaks, the rebate process, all those things we think are just adding complexity to it.

And it really needs to be looked at, how do you fund education and bringing all those things together

under the table to talk about how do we do this. Because there is obviously inequities.

The reason I mentioned the education support levy is because that really was generally across the board on all property, certain amount. It was raised, collected, brought to the Province and then distributed back through a funding formula that everybody could be—could understand how it works, and it was actually equitable.

As that got removed from certain parts of property and so on, then it gives a greater amount going to commercial property, et cetera, because they still have to pay that amount. So I don't know if that's equitable either.

And so I think there needs to be a—looking at all those areas to make sure that funding works across the province.

Mr. Wasyliw: Thank you, Mr. Martens, for your presentation today. It's always good to see you.

I was wondering if you could tell us what the impact has been the last five years of funding cuts from this government to your school division, and how has having local fiscal autonomy been able to sort of backfill the cuts from this government?

And do you believe that school divisions shouldn't have any local taxation policy, and if you don't, what will be the effect of a government in the future that doesn't value public education and continues to underfund and cut and you don't have local taxation power to backfill those cuts? And I'm wondering if you could explain your sort of local circumstances.

Mr. Chairperson: Mr. Martens, you have about a minute.

Mr. Martens: Sure. In terms of locally what's happening in Mountain View as a result of provincial funding, Mountain View looks at what we're able to do locally.

And again, you look at raising revenue as best you can. You look at making reductions as best you can to make sure the budget balances. And so you make those decisions. If it means raising revenue through property taxation levels, you do that.

One of the challenges if school boards don't have the ability to raise revenue locally is then areas that are priorities that the province may not be targeting or wanting to put resources towards—you don't have the ability to make any efforts to meet those needs and to

provide those needs for communities. There are things that we've done as a school division that were done because of local taxation.

In our jurisdiction, the reason we have fibre access to Internet services at our schools, in our communities—the small ones particularly—is because the school board made an investment to make sure that happened. It was local revenue. It would not have occurred because there was not an appetite from any company to put that resources into those small communities, but, as a school division, it became a priority and so we made sure it occurred. And that was done through local revenue.

And those are the things that our community said, we need to do this. And they were willing to support that.

Mr. Chairperson: All right, thank you very much, Mr. Martens, that's all the time we have for questions for you, and I thank you for the time that you took to join us this evening and tell us—and make your presentation.

We're going to move to the next presenter, so I'm going to call on Lorne Weiss from the Manitoba Real Estate Association and ask the moderator to invite them into the meeting.

And, Lorne Weiss, I ask that you unmute yourself and turn your video on.

I see you now, there you are. Welcome to the meeting. You have up to 10 minutes to make your presentation. Go ahead.

Mr. Lorne Weiss (Manitoba Real Estate Association): Good evening.

My name is Lorne Weiss, and I've practised residential and commercial real estate in Winnipeg since 1987. I'm proud to represent the Manitoba Real Estate Association and our 2,300-plus members across Manitoba as we work to build, empower and uphold a trusted real estate profession in the province.

As realtors, we are members of the community. We live and work in neighbourhoods like yours. Many of us have children or grandchildren in our schools and we are proud to support public policies that sustain a vibrant and growing economy and an affordable housing market in Manitoba.

At the Manitoba Real Estate Association, we have an established provincial advocacy program that has cultivated constructive relationships with successive governments over the years. I've had the honour of

serving as chair of the Manitoba Real Estate Association's political action committee since 2003 and, as real estate professionals and homeowners, education finance reform has been a long-time priority for us.

I'm therefore pleased to speak in favour of the removal of the provincial education taxes from property. For many years, the Manitoba Real Estate Association has urged government to find more equitable systems of funding public education. When the Province announced in the Speech from the Throne that the phased elimination of the education property tax will begin next year, we welcomed the news.

Manitoba remains the last province in Canada where school boards have the sole authority to set property tax rates without a plebiscite. Not only is this system of taxation undemocratic, it's outdated and disproportionate. With 37 different school divisions having the ability to set their own mill rates, the outcome is overly complex and an uneven system of taxation. Far too often, we have seen homeowners who have properties of similarly assessed value, yet are paying vastly different education amounts on their property tax bill.

It is clear to us that the existing system of taxation just doesn't make sense. Could you even imagine today if a government tried to implement a health-care tax on homes, businesses or farms? We believe education, like health care, should be funded from general revenue.

As Manitoba realtors, we want to work together with the government to foster a housing market that is balanced and sustainable. We want to ensure the opportunity of owning a home remains affordable for Manitobans for years to come to allow our children and our grandchildren to set down roots here. Phasing out education property taxes supports this objective. Reducing these taxes will help to ease the occupancy cost burden associated with owning a home in Manitoba at a time when pressures on home ownership affordability are rising.

It'll also address the burden on farmers struggling under the pressure of climate change and challenging world markets. We also believe it will have a positive impact on consumer spending ability, which is critical to broader health of the economy and for the many small businesses who form the backbone of our economy.

By removing education property taxes and sustaining public education with a fair and more even

system of funding, we believe the Province can make Manitoba a more attractive place to own a home and operate a business.

For these reasons, and despite the many challenges facing government in combatting the COVID-19 pandemic, we commend you for taking the initiative to lower taxes and improve affordability for homeowners and prospective homeowners in the province.

Thank you, Mr. Chair. I'm pleased to take any questions from the committee.

* (18:40)

Mr. Chairperson: Thank you very much, Mr. Weiss, for your presentation.

We'll now move on to questions.

Mr. Fielding: Thanks, Lorne, appreciate your presentation; appreciate you in the budget sessions, the consultation sessions that we had prior to election. So I got a couple of questions. I'm going to add them—ask them together just to kind of speed up some time.

So, obviously, we initially had a plan to eliminate the education property tax in a 10-year. We, of course, have sped that up a little bit by 50 per cent over two years because of the pandemic, getting some money in people's pockets.

So the first part of the question would be, do you think that we should speed up that process from the 10-year? Are we about on track or should we slow down?

And the second question is, with the changes we've made, do you anticipate that being a positive impact for home ownership and specifically for first-time homebuyers?

We know that young individuals have been dramatically impacted by the pandemic, so do you think that these changes would have an impact on people getting into home ownership? *[interjection]*

Mr. Chairperson: Mr. Weiss.

Mr. Weiss: Thank you, Minister, for the questions.

First of all, from our perspective, your timing as you set out in your budget, is right on, right on target. The faster that we can put money in the pockets of homeowners and potential homeowners, both for them to enable—to be able to purchase a home and to maintain their homes and the spinoff value to the economy of that money being circulated, I think, is

going to be very, very significant in terms of the economic recovery after the COVID pandemic.

And first-time homeowners are affected dramatically by the amount of education tax on their property. You may—for those of you who've recently gone to get a new mortgage will recognize the fact that one of the things that the lenders look at, along with the costs of the property and your income, they look at your expenses in terms of operating the home. And part of that expense calculation is the taxes that you pay on your house, and the property tax portion basically reduces the ability of the borrowing power of a first-time buyer. And this is not a problem that is isolated.

You have to recognize that in Manitoba this year, we'll probably sell between 15 and 18 thousand residential properties; vast majority of those will be people who are buying their homes for the first time.

And they will be using 5 per cent down on their mortgage. On a typical home in Winnipeg that's assessed at \$350,000, the percentage of their equity is roughly 5 per cent of that, so it's roughly \$17,500-\$18,000. They are paying almost 25 per cent every year, based on their equity in the home. If you've had a mortgage recently, you understand that a typical mortgage is a 25-year amortization. But for the first 15 years, typical purchaser, homeowner, is really reducing the interest; you don't start to reduce the principal and increase your equity in the home until after the 15 years. So for the first 15 years, we're really putting a lot of pressure on first-time homeowners, and this is the affordable part of the market.

And so I very, like, strongly feel that this will have a huge impact on affordability for new first-time buyers. It'll make the difference for some of them of whether or not they'll be able to buy their dream home.

Mr. Chairperson: Further questions.

Mr. Wasyliv: Thank you, Mr. Weiss. It's always a pleasure to see you again. I know we share a passion for affordable homeownership.

I also have three questions for you, first of which is, what will the impact of this reduction be on municipal taxes? As you know, municipalities are also—have been underfunded by this provincial government, and will this just create more tax room that the municipalities are going to raise their taxes to basically get rid of this rebate?

Secondly, we're reading a lot in the financial news that we're in a housing bubble and it's getting worse,

and I'm wondering is this rebate going to fuel that bubble or is it going to somehow help it?

And, thirdly, again, on the issue of affordability, do you believe that the rebate should go to, you know, wealthy estate owners or should it be income tested and the bulk of the money go towards people with modest homes to actually get the help for the people that you're concerned about, especially first-time homebuyers?

Mr. Chairperson: Mr. Weiss, we have just about 45 seconds left.

Mr. Weiss: Thank you, Mr. Wasyliw. Good questions, and I'll give you very, very brief answers.

I believe that the bubble that we're experiencing is not related to anything but a lack of supply, and supply and demand are the things that drive the market, and the rebates won't change the value of homes; it'll only increase the ability of people to purchase homes.

The other thing about this issue about protecting the—making sure that the money doesn't go to people who are of the wealthy—66 per cent of all Manitobans own their homes. The average price of a home in Winnipeg is \$350,000. That's not—those aren't wealthy people. Those are people who are dual income, struggling to make a living and buy the home and build their future.

I think if we're looking very, very—at protecting—by not giving advantage to the wealthy, quite frankly, I think we're throwing the baby out with the bathwater. Let's look at how we're going to help the majority of Manitobans by virtue of this tax reduction.

Mr. Chairperson: All right, Mr. Weiss, I thank you very much for your time this evening. That's all the time we have for questions, and I also thank you for joining us and taking the time to make your presentation.

We're going to move to the next presenter which is David von Meyenfeldt, a private citizen. So, I'd ask the moderator to invite David into the meeting.

And, David, I would ask that you unmute yourself and turn your video on. All right, there you are. A pleasure to see you, David, and you have up to 10 minutes to make your presentation.

Go ahead.

Mr. David von Meyenfeldt (Private Citizen): Good evening, Mr. Chair and members of the committee.

It's a pleasure to be here. My name is David von Meyenfeldt and I am director of public policy at the Manitoba Real Estate Association.

So, this evening, I will add to comments made by Mr. Lorne Weiss and speak in favour of removing provincial education taxes for property. As Mr. Weiss noted, these taxes—lowering these taxes would help to ease the occupancy cost burden associated with owning a home in Manitoba. It will make home ownership more affordable not just for existing homeowners but also for young people and those aspiring to purchase their first home.

Currently, for many first-time buyers, the conditions are incredibly challenging. In fact, even before the pandemic, research indicates their—shelter costs have been rising at a faster rate than income levels in many parts of the country. According to a recent study by National Bank of Canada, saving for a down payment has never been more difficult. Since last summer, low interest rates combined with the surge in demand for suburban living space has driven upward pressure on resell prices and left housing market inventory in the province depleted. Single-family homes are selling in a matter of days and for a young family or working couple looking to purchase a home, the competition is fierce.

For those fortunate to find a home, it's not just about the sticker price; it's about having the longer term ability to cover your monthly occupancy costs over the course of your amortization period. This includes your principal and borrowing charges, home insurance, hydro and utilities, Internet, cable and home upkeep and, of course, your property tax bill. Together, home occupancy costs can quickly absorb the household's disposable income and discretionary spending ability, which is critical to broader health and sustainability of the economy.

While these costs may be manageable at today's low interest rates, if rates were to double it could easily add 25 per cent to your monthly mortgage payment. This would mean households would have even less money available to support the many late—great local businesses we have here in Manitoba.

Now, allow me to rewind to September 2019, in the waning days of the provincial election when the PC Party first pledged to eliminate education property taxes. Perhaps it seems like a lifetime ago, but at the time, the announcement was well received. In fact, a notable local observer even called it a bold 'commendment'.

So, fast forward to April of this year. In the aftermath of the provincial budget, a few 'commentertators' raised some relevant questions about the timing of the tax reform in light of the pandemic and the fiscal and budgetary pressures the government is facing. Please allow me to share some perspective in relation to the housing market.

For many years, Manitoba's housing market has offered an affordability advantage compared to other markets in the country. It still does, but recent market conditions may have jogged the notion. Over the years, an affordable market has helped Manitoba to attract valuable job-creating industry by offering many great neighbourhoods for their workers to find a home to live in. In short, Manitoba's housing affordability advantage has been a competitive advantage for many of us.

This past year, as you know, a shortage of homes on the market relative to the swell in buyer demand we have experienced has put pressure on affordability, not to mention, of course, the broader and uneven impact of the pandemic on our economy at large.

For these reasons, the removal of education property taxes is timely. Phasing out the taxes will help to ease the pressure on homeownership affordability by lowering your home occupancy costs. Lower occupancy costs in turn would help to insulate both homeowners and our economy against a further dampening of household disposable income levels, particularly in the event of interest rate increases.

* (18:50)

Therefore, we encourage the government to proceed with this tax relief and, in fact, I'll say this unequivocally, a failure to remove these taxes would make Manitoba's housing market less accessible for young people and first-time buyers, now and in the years ahead.

In closing, Mr. Chair, I'd like to encourage the Province to continue to look for ways to make Manitoba a more affordable place to live in and own a home and to support a housing market that is balanced, sustainable and accessible for everyone.

Thank you very much, Mr. Chair, and I'm pleased to take any questions—easy questions, I'll note—from members of the committee.

Mr. Chairperson: All right. Thank you, Mr. von Meyenfeldt, for your presentation. I can't promise that the committee members will have easy questions, but

they do have questions, so we'll go to the honourable minister.

Mr. Fielding: Thank you, Dave, for your presentation, and I only am able to ask easy questions, so you'll definitely get one from me.

So just a couple of things. I'm going to put them together again just for time savings. So it's been presented and suggested that somehow the 658,000 properties that are going to get a rebate—on average, I think Lorne had suggested \$350,000 is the average cost. Do you think that all those people are wealthy?

And the second question would be on the municipalities. There's been some suggestion that municipalities would step in there to fill the tax room. Do you think the fact of sending a cheque out to individual Manitobans by June, or depending on when the legislation passes, would ensure that taxpayers—property taxpayers would get the break?

Mr. von Meyenfeldt: Thank you, Mr. Minister, for the question.

Just to add to Mr. Weiss's comments, I'll note the average resell price in Manitoba, across the province last year, was under \$305,000. So, this year, it's up a little bit, so far, to \$325,000, and, you know, these stats indicate that the majority of homes here in Manitoba are folks that are struggling to make ends meet. I know there was the MNP survey that was done recently that talks about most families having less than \$200 of disposable income at the end of the month.

And, you know, Mr. Chair, I think it's fair to say the mass—the vast majority of Manitobans are not wealthy or would not describe themselves as such.

Now, insofar as the rebate is concerned, to the minister's question, I think most folks would certainly agree that, you know, once they receive this rebate, this rebate would go to good use, and to that effect, I think most people would be look for—looking forward to receiving it soon.

Mr. Chairperson: All right. Further questions from members of the committee?

Mr. Wasyliv: Thank you, Mr. von Meyenfeldt. It's good to see you again.

Now, you had indicated that housing costs are rising higher than wages and you're concerned about first-time home buyers. Would you agree with my assessment that this—rebates will not lower housing

prices? So I'm wondering if that's true, how is this going to help first-time home buyers who are already struggling to get into the market.

And then secondly, further to discussions we've had in the past, what's to prevent municipalities from simply raising their taxes now that this tax room's been created by the Province, given that they're already underfunded by the Province and need extra revenue.

Mr. von Meyenfeldt: Well, thank you very much, Mr. Chair and Mr. Wasyliv, for the questions.

Now, I do want to draw the distinction to resell prices versus, you know, the occupancy cost burden that folks are having to pay month to month.

Now, right now, the conditions in the market have become challenging for first-time buyers. There's not a ton out there. Homes that are listed, especially detached homes, are selling very quickly. And our concern is that it's not just a matter of people being able to afford the sticker price of a home, it's about the ability for them to sustain the costs related to the upkeep and the occupancy of their home over the course of their mortgage.

Now, should interest rates increase, this poses a risk of further eroding the disposable income that households create, and therefore, we feel that by reducing the occupancy cost burden through this measure that the government is affording—is putting forward—we think we can make home ownership more affordable for young people to afford their payments month to month to month, and we think it's an important measure.

As you note, for municipalities, you know, property taxes are important sources of revenue for municipalities. Obviously, you know, I would point to the spectre of perhaps some municipalities feeling inclined to, you know, to jump in and, you know, with that room that the Province is creating here, and to up their tax rates and, you know, I think it's important to, you know, to urge them to hold the line because, frankly, I don't think it would be within the spirit of what the Province is doing here to try to make life more affordable if they were to jump in and make up the difference by raising their rates locally.

Mr. Chairperson: Further questions? Mr. Lamont, you've got about 35 seconds between you and the respondent.

Mr. Dougald Lamont (St. Boniface): Yes, just a very quick question, Mr. Weiss referred to it, too.

Isn't it the case that if you actually lower taxes on a property that you can get a bigger mortgage, which, in effect, will increase first time 'brying' costs for first-time buyers?

Mr. von Meyenfeldt: Thank you, Mr. Chair and Mr. Lamont, for the question. I wouldn't discount the fact that mortgages are relative to an individual's income level and their ability to pay their monthly expenses.

So, while in theory, if you want to suggest that a purchasing power of a buyer could be impacted by an adjustment to property tax levels, Mr. Lamont, you're not incorrect, but I would also state that the ability of a homeowner to pay their monthly costs is directly impacted by the amount of their property taxes and therefore, lowering their property taxes would prove the affordability of home ownership for them, including many young people and those aspiring to purchase property.

Mr. Chairperson: All right. That's all the time we have for questions. I thank you, Mr. von Meyenfeldt, for coming tonight and for taking the time to make your presentation. It was good to see you again.

And we'll now move on to the next presenter. So I'll call on Bill Campbell from Keystone Agricultural Producers, he's the president there, and ask the moderator to invite Bill Campbell into the meeting.

And I'd ask Mr. Campbell if he could please unmute himself and turn his video on.

All right. I see you there now, Mr. Campbell. You have up to 10 minutes. Go ahead and make your presentation.

Mr. Bill Campbell (Keystone Agricultural Producers): Good evening.

My name is Bill Campbell and I am the president of Keystone Agricultural Producers, also known as KAP.

I would like to thank the committee for this opportunity to speak to Bill 71. KAP is Manitoba's general farm policy organization, providing a unified voice for farmers on issues that affect agriculture. We work with governments, industry and stakeholders on overarching issues—sorry—overarching issues that affect all farmers. KAP is funded and directed by our members, which include farmers from across Manitoba and organizations representing specific crop, livestock and speciality 'commoderds'.

Our membership sets KAP's policy through a democratic and grassroots governance structure. In total, we represent and promote the interest of 4,500 farmers and 20 commodity associations across Manitoba.

This evening is an opportunity for our members to provide input regarding Bill 71, The Education Property Tax Reduction Act.

KAP has long advocated for the complete removal of education taxes from all property, including agricultural land and production buildings. We support the removal of education taxes because the current education funding system is inequitable. Farmers contribute a 'disproportionate' amount of the education funding in Manitoba through their property tax and the disparity between taxes farmers are paying and what is average homeowner is paying has grown.

Without this legislation, the disparity would go unaddressed. Farmland values continue to rise, sometimes by as much as 25 per cent in a single year. However, the rise in land values has no bearing on a farmer's ability to pay taxes.

To speak from a personal experience, I had virtually no crop production revenue in 2011, which typically comprises 80 per cent of my revenue. I had—still had to pay my property tax bill, which was over \$20,000, and of that, \$10,000 of education tax on my land or would be subject to municipal tax sale. This obviously puts undue pressure on farmers, who are expected to shoulder increasing tax bills when many have seen their net farm income decline.

* (19:00)

Overall, KAP is pleased that Manitoba has begun to phase out the education property tax. This legislation will begin to provide needed relief and equity to farmers. For example, if I pay \$10,000 in education property tax this year, I would save an extra \$1,250 compared to 2020. This is a positive first step to correct the inequity and inequality that farmers face. But until the tax is completely removed, farmers will continue to pay more than their fair share.

In the years to come, KAP will continue to advocate for the complete removal of education taxes from all property. We appreciate being included in this important discussion as the voice of farmers in Manitoba, and I would entertain questions if the committee so feels, and thank you very much.

Mr. Chairperson: Thank you very much, Mr. Campbell, for your presentation.

We will move straight into questions.

Mr. Fielding: Thanks, Bill. I'll incorporate both of my questions together right at the same time.

So just, Bill, you had mentioned I guess more the schedule. Looks like you're suggesting you want it sooner rather than later. So I guess the question would be are we going too fast, are we going too slow, or is it just right? You may have already answered that, but if you could maybe restate that.

And second of all, are you aware that the average farmer rebate—a part of this legislation will see a rebate of upwards of \$1,900?

Mr. B. Campbell: Well, thank you, minister, for the questions.

The concern that we have with regards to the speed—and we have advocated for the complete removal. And initially, it was a 10-year program that we were concerned about how that length of time would address the issue. When the announcement through the budget was 50 per cent for two years, we were encouraged, but we also are challenged by the rebate program, and we have long-standing policy of the complete removal of education tax from property and farmland.

Mr. Chairperson: All right. Further questions?

Mr. Wasyliv: Thank you, Mr. Campbell, for coming here tonight and presenting.

And I have two quick questions for you. One being, given that many municipalities, especially rural municipalities that don't have large tax bases, are heavily underfunded by this provincial government, are you concerned that the property tax base that's created by this 'rebate', it's just going to be filled up by municipal governments, and you're not actually going to get any sort of long-run advantage here?

And then, secondly, there's a big difference between a 1,000-acre farm operation and a 10,000-acre farm operation that's, you know, owned by a pension fund from Ontario.

Do you think they should equally get the same rebate, or do you think we should be concentrating any rebate money on small local producers that probably need the help a little bit more?

Mr. B. Campbell: Well, thank you very much for the question.

With regards to the municipal taxes, I guess in my experience that the municipality is accountable to its

ratepayers, and there is an election every four years. But also there is an annual budget review where there is engagement with the ratepayers. And if I believed that the ratepayers view this as being out of line, there is the ability to hold them accountable for that tax base. And so if there was a significant structure change in a municipal's collection of taxes, I think that there would be a large part of the ratepayers that would be very concerned.

With regards to the pension fund and the size of the farm, yes, we realize that farm sizes have increased. And, you know, I guess it would be something for the government of the day to address with regards to the size of the farms and the ownership. We have policy that deals with regards to the removal of the education portion from farmland and farm buildings.

Mr. Chairperson: Further questions?

Mr. Lamont: Thank you, Mr. Campbell.

Yes, my concern actually—it is—it relates to taxes and debt and property assessments because I asked this previously of the real estate board. It is a concern that one of the calculations that a bank will make when it's making loans for—to a farmer, especially a young farmer trying to buy a property is going to be not just the assessment but the taxes they pay.

So my concern—I share your concern about massive increases in—both in farm prices and debt assessments, but do you see a risk there at all that if we take away those education property taxes, it'll be filled in not by a municipality but by a bank that will be just willing to lend farmers that much more, and all that—whatever you were going to be paying on interest will now be eaten up—sorry—whatever you were paying on property taxes will now be eaten up as interest on a new loan?

Mr. Chairperson: Mr. Campbell, 30 seconds if you could.

Mr. B. Campbell: Yes, I believe that individuals will have the ability to make management decisions, and, you know, we always have a competitive market for banks to obtain loans and where we actually source our revenues.

I guess, with regards to some of the parts, is that we are taxed on our assets, not necessarily on our net worth, and that is a real challenge. And mortgages compile a huge part of farming and the operation and debts, and those are not recognized in the current funding model.

Mr. Chairperson: All right, that takes us to the end of time for questions for you, Mr. Campbell. I thank you very much for your time this evening and for coming out and joining us at the committee.

We'll now move on to the next presenter. I would like to call on David Kennedy from the Manitoba Life Lease Occupants Association and ask the moderator to invite them into the meeting.

David Kennedy, I would ask that you unmute yourself and turn your video on.

Floor Comment: Are they on?

Mr. Chairperson: I believe I see your name but not necessarily your face, so maybe your video's not quite on yet. Just your audio there.

Floor Comment: I'm punching it and it doesn't seem to want to come on.

Mr. Chairperson: Is there leave of the committee to allow Mr. Kennedy to present without video? *[Agreed]*

I think that's agreed, thank you very much. So Mr. Kennedy, if you can just unmute yourself and do your best making your presentation. You have up to 10 minutes. You can go ahead.

Mr. David Kennedy (Manitoba Life Lease Occupants Association): Thank you very much. Maybe my lack of my image will help improve the impact of my presentation.

Thank you very much for the opportunity to present our view on the proposed legislation and also for listening to someone that does not have experience in drafting legislation but nevertheless has comments and questions about the issue at hand.

I will not be speaking to the principle of education being funded through property taxes and I will not be speaking to the proposed amount of the rebate; this is not our area of expertise, although I have my own opinions. I am here for one purpose and that is to determine if tenants living in life-lease buildings are included as proposed recipients of the education tax reduction and, if not, to propose that such an exclusion would be unfair, unequitable and unjust and would present a hardship for seniors living in life-lease buildings.

But first, let me introduce myself and the organization I represent. The Manitoba Life Lease Occupants Association is a volunteer non-profit organization with a membership of tenant associations and life leases. It is also a mouthful of a name, so I

will be using the initials MLLOA in the rest of my presentation.

My name is David Kennedy and I am the president of the association. The business of MLLOA is managed by a volunteer, elected board of directors, all of whom live in life leases. It has 22 member tenant groups representing 1,435 suites with approximately 2,150 resident seniors in those suites.

Unfortunately, there is no definitive list of life leases that exist in this province, but the total number definitely exceeds 100. We estimate that this includes more than 3,600 suites and more than 5,000 seniors, so it is clear that Bill 71 impacts many Manitoba seniors.

Some of the M-L-A activities include consultation with the Residential Tenancies Branch on desperately needed changes to The Life Leases Act; consultations with member tenant councils and committees on issues they may be facing such as Bill 71; development of a model set of bylaws for current and future life-lease tenant councils and maintenance of an informational website and many other educational, consultative and social projects.

What is a life lease? To understand our concern about the impact of Bill 71, it is necessary to understand what is a life lease. It is a different model of affordable housing for seniors capable of independent living.

* (19:10)

A sponsor group manages the development of the project and subsequent operations of the life lease through a board of directors appointed by the sponsor. All MLLOA members come from a life lease building incorporated as a non-profit, with tenants responsible for all operating costs.

Life-lease tenants have paid an entrance fee in the range of 40 to 50 per cent of the construction costs of their suite. Tenants also pay a monthly rent, which covers all operating costs, including property and school 'tackets'—taxes, mortgage payments and reserve funds for future major capital expenses.

If you're not familiar with the life-lease concept, the implication of Bill 61 may be difficult to comprehend; however, in the context of Bill 61, the bottom line is that tenants are renters with a significant financial investment in the building and they also pay all the bills.

Why is MLLOA interested in Bill 71? Well, life-lease tenants are not covered by rent control legislation because of the non-profit status, as mentioned in the bill. Most life leases do pay education taxes, just the same as homeowners or condo owners. Bill 71 needs to make it clear that the education tax rebate must go to the—reducing the tax bill allocated to tenants living in a life lease.

We are concerned that the definitions in referenced legislation could be interpreted to exclude life leases. Bill 71 identifies properties eligible to receive the rebate as those defined as residential 1, residential 2, residential 3 and farm property, described under The Municipal Assessment Act.

Specifically, The Municipal Assessment Act regulations 184/98 section 3, subsection (a), part 2 identifies residential 1 properties as—in part, as being, quote, other than a building that contains more than four dwelling units used or designed to be used for residential occupation. End quote. This would exclude almost all life leases.

Further, section 3, subsection (d), part 2 requires that the dwelling units have a common wall agreement. We are unaware of any life leases that have such an agreement.

Section 5 identifies residential 3 properties as being condominiums—that's section (a)—or co-operatives—that's section (b), subsection (d). Nowhere does Bill 71 specifically identify life leases as included in a group of owners, renters or occupiers eligible to receive the education tax rebate. It is our suggestion that section 5 could be amended to add: subsection (c), life leases, as defined by The Life Leases Act. We find no specific reference in the seven legislative acts referenced in Bill 71, or the regulations that go with it, that ensure the inclusion of life-lease tenants in this bill.

Life-lease tenants have experienced many instances of unequal application of legislation or their regulations due to a misunderstanding of life leases and/or poorly written legislation. It is our hope that Bill 71, when passed, will clearly indicate that non-profit life-lease properties are eligible for the rebate and that the landlords will reimburse all of the eligible rebate to the tenants in a manner that is consistent with their proportional share of the expenses.

Thank you for this opportunity to speak to Bill 71 and the importance of achieving a thoughtful and fair piece of legislation.

Thank you again for this opportunity to participate in this discussion, and I am glad to answer any questions you may have, and I apologize for not having the video on.

Mr. Chairperson: All right, thank you very much, Mr. Kennedy, for your presentation.

We'll move right into questions.

Mr. Fielding: Thank you, David, for your presentation, and we—this government's really prided ourselves on providing tax relief to all Manitobans. The 2020 tax rollback is we committed to, the basic personal exemption, things like 'rollback' the PST, things like probate fees, PST on haircuts, wills; you name it, that's all part of it. And so we very much value that and we value your opinion. I'll take your consideration or your recommendation into consideration as we move forward.

Thank you very much.

Mr. Chairperson: Mr. Kennedy, any response to the minister?

Mr. Kennedy: No, I appreciate that the issues that he has mentioned certainly do help seniors, and we certainly look forward to that kind of attention continuing for our work with—relating this Bill 71 as well as reform of The Life Leases Act.

Mr. Chairperson: All right, further questions?

Mr. Wasyliv: Well, thank you, Mr. Kennedy, for coming here tonight and raising this issue because, I can tell you, I don't think it was on the provincial radar until you spoke tonight, and I'm certainly concerned that the minister wasn't able to give you a straightforward answer to a straightforward question.

And I think our concern with this bill is that the government's been engaged in a number of political stunts that have been very expensive to the province of Manitoba and this seems to be chief of them, and the work hasn't been put in and, of course, as you can see, and I think you pointed it out, there hasn't been consultation. This has been the equivalent of consultation for a bill that's getting rushed through the Legislature.

So I think you're giving a wise note of caution and I hope the government will listen to your very important presentation and make sure that your members are not left out from this bill. We know many others are.

So, thank you, and we really appreciate your presentation.

Mr. Kennedy: Thank you.

Mr. Chairperson: Mr. Kennedy, any further response to Mr. Wasyliv?

Mr. Kennedy: No. That's—thank you very much for the comments.

Mr. Chairperson: All right. Further questions from members of the committee?

Mr. Lamont: I just wanted to thank Mr. Kennedy for bringing this to our attention. It is a—not a unique situation, but of course, we want to make sure that this is going to—if this bill's going to apply, it applies to everybody in an equitable fashion. So, thank you very much for bringing this up.

Mr. Chairperson: All right. Mr. Kennedy, any response to Mr. Lamont?

Mr. Kennedy: Just again, thank you, Mr. Lamont.

Mr. Chairperson: All right. Then not seeing any other questions from members of the committee, we will thank you, Mr. David Kennedy, for coming tonight and for making your presentation, taking the time to do so on behalf of the people you represent in your association.

We'll now move on to the next presenter, so I will call on Molly McCracken from the Canadian Centre for Policy Alternatives and ask the moderator to invite them into the meeting.

Molly McCracken, I would just ask that you unmute yourself and turn your video on.

I really don't quite see you yet, Ms. McCracken.

All right. I think that's coming in now. Maybe something's slow on our side with regard to video, but now, I finally do see you and I welcome you to the meeting and I'll let you get right into your presentation. You have up to 10 minutes. Go right ahead.

Ms. Molly McCracken (Canadian Centre for Policy Alternatives): Thank you so much, honourable Chair and committee members. Good evening.

I'm Molly McCracken, the Manitoba director at the Canadian Centre for Policy Alternatives. We are Canada's leading progressive independent charitable research institute.

We are opposed to The Education Property Tax Reduction Act, as property taxes are related to wealth and are an acceptable way to bring in money to remedy for public services.

This act favours the financial position of the vast majority of property owners who have the income to pay this tax and will result in higher costs for low- and moderate-income renters.

Passing this act means the loss of approximately \$384 million of income for the Manitoba government by 2022. This, on top of previous government tax cuts, will result in service cuts at a time when economists agree government should invest public dollars strategically to address the COVID recession.

We urge the Manitoba government to instead institute changes to make the education property tax more progressive for seniors, low income households, homeowners, and moderate-income local farmers.

It needs to be stated that homeowners are not amongst the group worst hit by COVID. The average home, according to research, is valued at over \$300,000 a year, and average household income of about \$52,000 a year, or about \$25 an hour, is required to pay a mortgage on this home, assuming the person already has the down payment and other costs of the home purchase. As this chart below shows, it is most of those earning below \$24 an hour that have been worse hit by COVID, and those earning 25 and up have not been hit, particularly those \$35 and up.

Tax is not a four-letter word. The current government mindset vetoes any increases in taxes for needed public services. For example, we need to note frozen funding for non-profit child-care centres for the past five years, and also below inflation and enrolment rate funding of K-to-12 public education across Manitoba, while favouring very large tax cuts. Cutting this tax for all residential and farmland property owners is a costly, wide-sweeping measure that most Manitobans do not want.

* (19:20)

In Manitoba's own prebudget 2021 survey, lowering taxes came in dead last among the predetermined six major budget priority areas. The vast majority of respondents to the Engage Manitoba consultation—that you will all know very well, I'm sure—indicated that improvements to the health system, education and child care, financial support for people in businesses affected by COVID, increasing mental health and addictions support and investing in infrastructure were the largest priorities. The current education property tax should be improved through targeted policy tools for those on low and fixed income.

Manitoba government revenues are falling over time. A recent report that we released in April found that Manitoba government revenue has fallen from 25 per cent to 23 per cent of GDP since 2005, and this has resulted in huge cuts to the public sector and front-line services.

Manitoba has already substantially cut taxes. From 2000 to 2005, personal income taxes cumulatively were cut, which added up to \$881 million of annual lost revenue. This does not include the business tax cuts. For example, Manitoba also eliminated taxes on small corporations below \$500,000 and we are the only province to have zero tax for these corporations.

The current Manitoba government continues to cut taxes, reducing revenue for Manitoba's services. The PST reduction is a loss of \$325 million a year, the indexation of the basic personal exemption and tax brackets and others tax changes. And, I note, no other means of bringing in tax revenue.

Instead, Manitoba requires progressive taxation for targeted public investments to build back better from COVID. This includes addressing the negative impacts on low-wage front-line workers, addressing income inequality, poverty, the 'she-cession' and the looming climate crisis.

Manitoba education funding is falling. Since 2006, provincial funding for K-to-12 education has declined in real dollars by 7.6 per cent on a compounded basis. School programs and electives are being cut, and under this trajectory deeper cuts will be required next year.

At the same time as the education sector is being cut, this \$192-million rebate cheque is being issued to residential and farmland property tax owners who rely on an educated population to do their business. Estimated need for education funding is 3 per cent growth a year, about \$75 million a year, 2 per cent for inflation and 1 per cent for 'enrolment' growth.

The Manitoba education property taxes are about 30 per cent of the Manitoba education budget; the remainder is 70 per cent from provincial contributions.

And property taxes are related to wealth and are an acceptable way to bring in money. Seven out of 10 provinces still levy an education property tax, as we heard earlier this evening. A comprehensive review of education property taxes and nine case studies in the US found targeted relief for property taxes is the preferred option when tax revolts erupt

when property owners push for property tax relief. Those who have tried to reduce property taxes and improve school performance at the same time have not met with much success, says Daphne Kenyon of the Lincoln Institute.

And from a government perspective, property taxes are more resilient during economic downturns when other taxes like sales and income are more volatile. It creates predictability for government.

I should note about farmland education property tax: it is a small proportion of the education property tax of 7.5 per cent of revenue for education—of the education property tax revenue. Farmers bought an asset of land which carries a tax. It is the cost of doing farm business, said farmer Ian Robson. Farmland value is related to farmland concentration. A recent report published by our office called Concentration Matters: Farmland Inequality on the Prairies, finds that Manitoba has 54 per cent less farmers now than in 1966. And then I have a chart in here showing how the land has become concentrated over time.

We are seeing less smaller farms and more larger farms. The larger the farm, the larger the revenue, equity and ability to pay taxes. Currently, there is a special rebate of up to 80 per cent for \$5,000 in education property tax on farmland. Manitoba's not capping the new 25 per cent rebate and some farmers will get thousands of dollars in rebates, which is similar to landlords of multiple properties who will be getting thousand dollars of—thousands of dollars of rebate.

And I think farmers need to think about the impact of less taxes on their local economy and community. Education property taxes in rural areas pay for local public education. When this revenue declines, less services are offered, good jobs are lost and rural depopulation increases. Notably, Bill 64 is being criticized by rural Manitobans as they fear it will lead to school closures and rural decline.

Seniors and low-income homeowners—7 per cent of senior homeowners are in core housing need. There is currently a property tax credit available to these seniors, and we need to look at a particular targeted impact for seniors on fixed income. Something like home assist for low-income seniors and fixed income, just like Rent Assist.

There is an impact on renters. I have that in my briefing note, and I know Josh Brandon is going to be speaking to that and I'm running out of time, so I will just keep going on in my briefing note here.

I come to our proposal in terms of retaining education property tax for education and universal child care. We need these revenues. The Province could retain the education property tax to general revenue and use that to fund needed services and address the 'shecession' caused by COVID and build a universal child-care system in Manitoba.

Research shows that public investment pays for itself through increased female labour force participation, taxes paid and consumption fees, and Manitoba needs to match the federal money coming for universal child care. We need child-care spaces all over the province. There was a—recently, an article about the need for child-care spaces in rural Manitoba. We only have spaces for 18 per cent of Manitoba children, and this will only be built through public investment.

And child-care workers need to be treated like the educators they are. Currently, they earn very low wages. Many are racialized workers and do not have benefits or pensions, and many centres can't recruit enough employees to meet qualifications by the standards act.

So, therefore, this revenue is needed and it will help the local economy, and it should be directed to education and child care. So, we urge you to retain the education property tax, which is needed for education and child care and institute mitigating measures to deal with the impacts on low-income and fixed-income senior homeowners and renters.

Thank you for your attention.

Mr. Chairperson: Thank you, Ms. McCracken, for your well-timed 10-minute presentation.

We'll now move right into questions.

Mr. Fielding: Thanks, Molly. I appreciate you coming out. I appreciate your passion for the issues; you come out to all the time, so, congratulations.

I don't necessarily agree with your—necessarily your association's positions on things. I'm not sure about the economics of that when I read some of the information, but I do respect the fact that you are coming out here and making presentation for it.

I got three questions; I'm going to phase them in one, so you can maybe respond to each of them. The first one was a question brought up before, but I thought it was interesting. It was—made the presentation that somehow, if you are a property owner, whether in the province of Manitoba—there's 658,000

property owners that will get a 25 per cent reduction this year and 50 per cent next year—the average price is \$325,000 per year.

I'm just wondering if you think that those types of people are wealthy and don't deserve the tax break?

Number 2 is, do you think that there's ever a time where Manitobans—do you think that Manitobans are taxed to the max right now and that they deserve any tax break?

And, No. 3—I guess I would say, you know, I did read a report, I think it was on the renter piece that you had put out—I thought it was a little messy. I'll be honest with you, just because you used an example of \$1,000 rent, but it didn't take into consideration the rent control that we've passed that's part of this legislation that will save about 1.7 per cent, if you base that on what's passed of the last 10 years.

So, I didn't think it was kind of an accurate assessment of it. So, I'm wondering if you could answer all three of those questions, Molly.

Ms. McCracken: Well, I think we have to think about why we're all here. We're here because we care about Manitobans and we care about the well-being of our province, and taxes are needed to pay for services that we all use.

* (19:30)

And, therefore, this concept of deserving a tax break—I think Manitobans deserve good public services. People come to our province, people come to neighbourhoods because there's good education. I'm a parent of a four-year-old, and that's the main topic of conversation: Can we get child care? Is it going to be good?

So the chart I showed you shows that there's two worlds here. There's the people who are doing fine during COVID. They're white-collar workers. They can work from home. They haven't gone on holidays or trips, so they're actually saving money. But it's the blue-collar and low-income workers who've been most impacted, and those are the ones who are going to lose out in this. So we need to redirect and use the power of government to reduce income inequality.

And as for the renters, I will leave Josh Brandon to speak to that. You know, there is no guarantee, I will say this, that the rent freeze that you have, in terms of no rent increases, will continue. And that you've said, oh, well, there's a vacancy rate.

But people aren't like peons in a game of economics. People will not necessarily move. They're bound to their neighbourhood, and if their rent goes up—I've noted that all of the above-guideline rent increases have been improved, and landlords have been getting around this—then people will be pinched, and they've already hit by the pandemic, and they're going to be worse hit by this legislation.

Mr. Chairperson: All right. Further questions?

Mr. Wasyliw: Thank you, Ms. McCracken, for your presentation today. I have three questions as well. I'm wondering if you can comment on whether this tax will make Manitoba's tax system more or less fair, and if it's less fair, in what way. Second, how will the tax burden shift after this rebate is been put in place, and who will now have to pay a higher tax burden as a result of this tax change? And third, what will the impact be on Manitobans' wealth and income inequality because of this tax cut?

Mr. Chairperson: Ms. McCracken, you have about a minute.

Ms. McCracken: Certainly. Well, we're seeing—those who own property are gaining hugely from this, and that is homeowners, landlords and farm owners—particularly, as I explained, large farm owners. So their wealth will increase. And we know from a lot of research—and I can give you the data—that shows when income inequality increases, overall population health declines because the cost of living goes up and the lower quadrant of people can't keep up to the cost of living. We're not seeing this wealth being redistributed through targeted income transfers like I'm suggesting.

So no, it is not fair, and it is very concerning for a province like Manitoba which has very high poverty rates.

Mr. Chairperson: All right. We only have five seconds left, so I don't think I'll give Mr. Lamont a question, if that's okay. We have run out of time for questions.

I thank you so much, Ms. McCracken, for coming out tonight and for making your presentation and for also entertaining questions from members of the committee.

We'll move on to the next presenter, and I'd like to call on Kevin Rebeck from the Manitoba Federation of Labour and ask the moderator to invite Mr. Rebeck into this meeting.

And Kevin Rebeck, I would ask that you unmute yourself and turn your video on. There you are. I see you now. So welcome to the meeting. You have up to 10 minutes for your presentation. Go right ahead.

Mr. Rebeck, I believe you are currently muted, so if you could unmute and start over. And don't worry, I won't start your clock until I can see you and hear you.

Mr. Rebeck has apparently vanished for the moment. Should we just give 30 seconds—there we go. I see him back now. He's looking for that mute button. I'll call the play-by-play. I know, I know, I could be doing the Canucks-Jets game, but instead I'm doing committee tonight.

All right, Mr. Rebeck, did you figure out your microphone yet? Still cannot hear you. Nope.

Now I can, yes. All right, very good.

So, Mr. Rebeck, go ahead with your presentation, 10 minutes.

Mr. Kevin Rebeck (Manitoba Federation of Labour): The Manitoba Federation of Labour is Manitoba's central labour body, made up of 30 affiliated unions and representing the interests of more than 100,000 unionized workers in our province. The MFL advocates for the interests of working families in the private and public sector, including the need for strong public services, good jobs and fairness in the workplace.

The K-to-12 education system is fundamentally important to our province, providing the funding that schools need, help students, teachers and support staff, working families and our province as a whole, both now and in the future.

But since 2016, provincial funding for K-to-12 has been cut in real dollars by 7.6 per cent, school programs and electives being cut and school funding support just isn't keeping up with the need. Currently, Manitoba's K-to-12 system is funded through a mixture of provincial funding, accounting for about 70 per cent of the total, and property taxes for the other 30.

Seven of the 10 provinces levy educational property tax: BC, Alberta, Saskatchewan, Ontario, Manitoba, Quebec and Nova Scotia. This provides a mixture of funding from a variety of revenue sources, like income and sales taxes, along with property taxes. Because property tax levels are based on the assessed value of the property, they tend to ensure that wealthier individuals pay higher taxes. That means that the

rebates created by this bill would pay out more to wealthier Manitobans on average.

We think it's important to state the obvious. Manitoba's in the middle of a crushing third wave of the COVID-19 pandemic. We're seeing deeply concerning daily case counts and more and more Manitobans going to the hospital as a result. Our province is expecting its worst economic crisis since the Great Depression. The provincial government just posted its highest deficit ever, due in large part to this pandemic.

Now is absolutely the wrong time to be making tax cuts that will disproportionately benefit wealthy Manitobans. This reduction in government revenue will come at a time when health-care staff are facing high burnout and turnover, when workers are looking to government to ensure everyone has access to paid sick days and when businesses that have been forced to shut down or severely reduce capacity are requiring meaningful support. Borrowing millions to finance this public relations stunt is fiscally irresponsible.

This government should instead be focused on keeping Manitobans safe, protecting public health and supporting those who are impacted by this pandemic. We should be using all available government resources to invest in the services that people are counting on now more than ever.

I encourage this government to stop this plan to debt finance tax cuts while so many parts of our province are suffering the immediate effects of this pandemic. Surely, this government could be addressing the very real needs of the health-care and education systems, of workplace safety and of supports for people whose jobs and businesses have been hurt by COVID-19.

Thank you.

Mr. Chairperson: All right. That's it for your presentation, then. You surprised me by being brief this evening, Mr. Rebeck, but we'll go and get into questions.

Mr. Fielding: Thanks, Kevin, for your presentation. I appreciate that.

I've got three questions I'm going to ask you, maybe together. The first one is, there's been presentations made here that anyone that owns a house, the 658,000 property owners in Manitoba, are wealthy, \$325,000 the average resale we learned tonight.

How many of your members are property owners?

Mr. Rebeck: I don't know how many of my members are property owners, but I know this: that the rebate will disproportionately make wealthy people better off. If you own a million dollar home or multiple properties, you'll benefit three or four times as much as a typical homeowner, and those who can't afford homes won't benefit at all.

We're in a pandemic and we need public services now more than ever. I can also tell you that a lot of my members who work in the public sector have been facing a wage freeze since your government got in power and they haven't seen an increase to their wages or an ability to keep up with the cost of living, even though we had to take the government to court for the illegal wage freeze they put in.

Once that was ruled unconstitutional, the mandate has not changed from this government and there is just an ideological bent to freeze over 120,000 public sector workers and their families' wages. That doesn't help them get ahead.

Mr. Chairperson: The Honourable Mr. Fielding, with a follow-up.

Mr. Fielding: Thanks, Kevin. I guess you know we're going to agree to disagree on this. I just don't think that someone that's in a \$325,000 house, the 658,000 property owners, are wealthy. So I guess we're going to disagree on that and I think that the fact that we provided 2020 tax rollback so members do have a little bit more money makes a lot of sense.

And I just want to correct the record on the education funding. We've actually increased education funding by six hundred—sorry, \$560 million than when we first came to office, which is a \$91-million increase this year. So I just want to correct the record on that and I do want to thank you for your presentation here today.

* (19:40)

Mr. Chairperson: Mr. Rebeck, any response to the minister's follow-up?

Mr. Rebeck: Well, I don't know where he heard me say that someone who owns a \$300,000 home is wealthy. I've never said that.

Let's—while we're correcting the record here, let's talk about how people are being left behind and people who make minimum wage, who will never be able to afford a home, don't benefit from this at all. And we've

got the third lowest wage across the country because of this government's policy on that. We've got public sector workers who have had their wages frozen since this government's got in.

And the timing of this is just ludicrous. The needs right now—for the pandemic, for public services—are more than ever, the burnout that's happening of public sector workers, the chaos in the education system, and workers' need for paid sick days has never been stronger. Yet, instead of addressing those needs, this government decides to do a tax cut that disproportionately affects wealthy people in a positive way more than it affects anyone else.

Mr. Chairperson: All right. Further questions from the committee?

Mr. Wasyliv: Thank you, Mr. Rebeck, for your presentation.

I wanted to pick up on something you said about the fact that this political stunt is being orchestrated through borrowed tax money. And if this tax rebate disproportionately benefits the wealthy—which I think we can agree on—it's going to shift the tax burden onto people who can't afford it, and they're also going to be on the line for interest—going year after year after year paying interest—for basically a transfer of wealth to some of the wealthiest Manitobans.

I'm wondering if you could comment on that impact and how this sort of doubly hurts Manitobans?

Mr. Rebeck: Yes, well this—again—I think this speaks to the needs that are out there and instead of dealing with the fiscal reality that we're in and maintaining government revenues so that we can provide valuable service, this government is hurting government revenues in a way that is going to help those who have larger, more expensive properties; they will get a rebate. Those who don't own properties, those who own smaller properties, those who rent will get much, much less, and yet now they will all have to finance it amongst themselves.

So people who gain no benefit will have to help pay for this so that a wealthy person can achieve the benefit. This government seems happy to give those who have, at the expense of those who have not.

Mr. Chairperson: Further questions? Mr. Lamont, we have 30 seconds, if you will.

Mr. Lamont: Just a very quick question.

I know the minister asked whether a person who has one \$350,000 house is wealthy; is someone who owns 10 or 20 \$350,000 houses wealthy?

Mr. Rebeck: Well, I think we can see that when people own multiple properties, again, they reap the rewards of this much more than people who don't, and a billion times more than those who rent, who will see no benefit from this policy implementation at all.

It's the wrong policy; it's the wrong time to do so. Manitobans deserve a government that's looking after their interests and public services that will be there for them when they need them, and this government is not doing that.

Mr. Chairperson: All right. That's all the time we have for questions for you, Mr. Rebeck, and I thank you very much for coming out once again this evening and presenting to us here as committee and for representing your members faithfully.

Let's now move on to the next presenter. I'll call on Josh Brandon and ask the moderator to invite Josh Brandon, who's from the Social Planning Council of Winnipeg. I ask the moderator to invite them into the meeting, and I'd ask Mr. Brandon to unmute himself and turn his video on—look, there he is.

It is good to see you, Josh; a pleasure to have you here. I trust that your commute to this meeting was better than the last one I had you out in Transcona a couple years back. But, good to see you, and you have up to 10 minutes for your presentation. Go ahead.

Mr. Josh Brandon (Social Planning Council of Winnipeg): Thank you so much for the opportunity to present today. I do enjoy the convenience of this; I know the committee rooms have not always been the best conditions for presenters at times, especially when it gets warmer. So anyway, this is a good opportunity.

Today I'm representing the Social Planning Council of Winnipeg. We're a community organization with a long-standing interest in issues related to poverty and inequality in Winnipeg and across Manitoba, and we're involved in a number of coalitions related to poverty, including Make Poverty History Manitoba, right—and Right to Housing.

And so, in this presentation, I want to give the committee an opportunity to consider how this bill will affect a group of Manitobans who are not often given enough representation, and specifically I want to look at this bill through the lens of how it will affect renters in Manitoba. Renters are—in fact, represent

about 30 per cent of the households in Manitoba, and you wouldn't necessarily know it given how much consideration they're given in policy and discussion here in Manitoba. And we are concerned that with this bill, while reducing the education property tax, there will be a proportionate decrease in the education property tax credit that will negatively impact renters in Manitoba.

Manitoba renters really do rely on that education property tax rebate every year. When people file their taxes, the education property tax credit provides all Manitobans who own property or who pay property taxes as renters in Manitoba—pay education property tax credits as part of their rent, it pays back approximately \$700 for most taxpayers as well as an additional amount for seniors with qualifying incomes, about \$400.

And this amount on their tax returns can make an enormous difference for households on the brink of poverty. It allows a little bit of leeway in budgets that every month are a little bit lower than basic needs and allows households to get caught up on expenses on which they otherwise fall behind. And I know, for many Manitobans, when I hear about—at tax time when they get their credit, they're able to start to do things that maybe they weren't able to do otherwise. And I know the minister, you've talked a lot about how desperately people do need those rebates. But, you know, for renters, this bill isn't going to provide [*inaudible*] it's going to provide hardship.

So renters, on average, have lower incomes and disproportionately live on incomes below the poverty line. Core housing need among renters is four times the rate for owner-occupiers. So 26 per cent of Manitoba renters, as opposed to 5.5 per cent of owner-occupiers, are living in core housing need. And this is the group that will receive the least positive impact from this bill. In fact, it will be their landlords who receive the benefit of an education—reduction in their education taxes while proportionate reduction in credits will fall on tenants.

Bill 71 will impact—will cost renters \$175 in 2021 and \$350 next year. This will significantly affect their finances at a time that Manitobans are struggling to cope with the economic shocks of the COVID-19 pandemic. We continue to hear from this government about the need for tax relief, but this tax rollback for renters, it will only provide hardship.

So we do know that there will be a partial freeze on rent guidelines for '21 and '22. But this freeze will

only partly and temporarily offset the loss of the education property tax credit.

At best, the rent freeze will barely compensate for the loss of this credit. Departmental staff have informed us that it'll be the loss of \$175 in '21—will be equivalent to approximately a 1.4 per cent rent increase, though this will vary dependent on the rent levels the tenant pays.

It will, however, leave renters with no share of the windfall benefits of a \$190-million tax cut, the benefits of which will solely go to property owners. And even this is not guaranteed. We know that there are many categories of tenants who are exempt from the rent guidelines. In our work with tenant advocates and community organizations working with tenants, we know that landlords routinely apply for above-guideline rent increases and receive them, often for only cosmetic repairs or routine maintenance. The RTB is overstretched and many tenants will certainly not receive the benefit of the cap on increases this year.

Longer term, we do know that reducing education property tax credits will increase the 'profitability' for landlords, and that will end up driving property prices higher, inflating a property bubble that has put housing out of reach for far too many already. This is simply supply and demand of economics: lower taxes on a limited commodity will drive up its price, and those higher property prices will end up driving rents even higher, doubly hurting Manitobans.

* (19:50)

We're also concerned about Bill 71 forgoing hundreds of millions of dollars in revenue at a time when there's sharp demand for investment in property reduction—in poverty reduction, rather.

Manitobans need investments in housing, child care, mental health, better EIA rates and living-wage jobs, and we're falling far behind in all of these areas. Cutting this critical stream of revenue will limit the ability of government to meet these obligations.

This tax cut is also being funded through deficit financing which will hurt the younger generations more. Renters have—as well as lower incomes, tend to be younger, and the millennial generation, in particular, has a lower rate of homeownership than any previous demographic group.

And, again, they'll face a double burden of lower tax credits while ultimately being the ones who pay in

the future for these cut taxes that homeowners are enjoying at present.

Cutting taxes by deficit financing is a recipe for future austerity. This differential treatment of renters harkens back to a time and an era in which property qualifications were seen as the marker of citizenship, and only the relatively wealthy were given a stake in governance. It's time that all Manitobans be treated on an equal footing regardless of their form of tenure.

And so we have concerns overall about this untargeted rebating of the education property taxes, but I do want to focus on this issue of renters and ask that, at the very least, you consider amendments in this bill such that the Education Property Tax Credit for renters will not suffer a proportionate reduction in the education—as the education property taxes of their landlords are reduced.

So thank you so much, and I welcome any questions the committee may have.

Mr. Chairperson: All right. Thank you, Mr. Brandon, for your presentation.

We'll move right into questions.

Mr. Fielding: Thanks, Josh. I appreciate your presentation. You always come out. You're a passionate guy, so I appreciate that.

You know, I'm just going to stick on the theme a little bit of, you know, potentially everyone that owns a property—658,000 property owners are wealthy if you've got a house that's \$325,000, but I want to break it down. I know you're, you know, someone that talks about low-income individuals, and so, you know, I think there is people that are low income that are still homeowners. That could be someone, maybe a student or, you name it, that's there. So, appreciate the fact that you've got concerns on the rent piece, and we—I'll try unpack that as well.

But, you know, if I—in your comments, and I've got three specific questions, if I could get you to answer. Do you think that there will be some benefit to low-income people that are in homeownership? So if he could ask—answer that question.

The second piece is, in our budget, we increased the Rent Assist budget by over \$21 million. And so it depends on your composition, your family size, but that has increased—could be upwards of about—I think about 10 or 11 per cent. I'm not the minister of Families anymore, but I—it could be as high as that.

So there was a substantial increase to the Rent Assist program that renters probably benefit—not everyone, but people that are in the program. There has been a lot of people that have been added to the program.

And (3), just to your renter point, you know, we did use some examples, and I'll get you to comment on this. So what I did is I took a look at some rental places. What I did is I looked at—in the Fort Garry area—Adamar Manor, which is—Adamar—I could be saying it wrong—but I ran the numbers based on, I believe it was about \$1,000—just over \$1,000 rent is what they're asking, and under our plan, it seems that renters would be \$68 better off than, you know, I'll call it maybe the NDP status quo plan that's in place here, and that takes into consideration the rent freeze, the rent freeze that's happening in 2022-23.

So three specific questions, if I could get you to maybe answer all three of those.

Mr. Brandon: Sure. So, in reference to your lower income homeowners, there are low-income homeowners, and there's—there are even homeowners living in poverty. They're far fewer than renters. But for lower income homeowners, they tend to live in lower valued properties, and so they will receive a disproportionately small share of the benefit of this hundred million—\$190-million tax cut.

You know, in terms of social justice and social fairness, we would like to see a higher share of the benefit go to lower income households, whether they're renters or homeowners, and this bill does the opposite. So we certainly have concerns about that.

The second point that you made was around the—what is the share of the value of the—or, what's the value of the tax cut—or the—pardon me, the rent freeze, compared to the loss of the education property taxes?

And you're right for lower rent households, the loss of a hundred and—for medium rent household, the loss of \$175 this year will be approximately equivalent to the loss of the education property taxes. But at the same time, those households are going to suffer through reduced services, reduced fiscal capacity, if not this year then in the future, because we're financing this through a deficit and those deficits either need to be paid back or through increased costs or increased austerity in the future.

And so, those households will be—won't receive any real benefit because they have the same—the tax credit reduction is equivalent, at least in the short term, assuming they're able to get that rent freeze—

which isn't guaranteed. And so, they're sort of on par, but they're not getting any of the share of the windfall, the \$190 million that this government is providing to homeowners at this time, disproportionately wealthier homeowners in disproportionate amount going to wealthier, more expensive houses.

So, those are the kinds of concerns that we're seeing in this bill.

Mr. Chairperson: All right. Further questions—Mr. Wasyliw, we only have about 35 seconds, so if we can keep it quick.

Mr. Wasyliw: Okay. I'll be very quick. Thank you, Mr. Brandon, for your presentation.

Now, I think part of the problem here with the government's disconnect is, I'm not sure they've ever actually met a renter. So, I'm wondering if you could tell this minister and this Cabinet—just because you put a rent cap in does it actually mean that renters will get it, and why not?

Mr. Brandon: Sure. They—the ability for renters to get that rent freeze is dependent on a number of factors. Whole categories of housing are excluded from the rent freeze—so if it's in a newer building, for example, you're not eligible for that; properties that the landlord does significant repairs are also eligible to be exempt from the rent guidelines.

And so that means that landlords and tenants are in a daily battle over, you know, does this count as a significant repair or not? It goes to the RTB, the Residential Tenancies Branch, and that puts it—it's often very subjective as to whether or not this is an eligible above-guideline increase or not.

And so, many renters don't have the capacity to fight that fight and end up just paying the higher rents. And so, this bill won't necessarily mean that those rent cap—rent freeze goes into effect for all renters.

Mr. Chairperson: All right. Thank you, Josh Brandon, for your presentation tonight and for making it out virtually to join us at committee and for taking the time to also answer the questions from members of the committee.

That concludes the list of presenters that I have before me.

* * *

Mr. Chairperson: So, in what order does the committee wish to proceed with clause-by-clause consideration of the two bills?

An Honourable Member: Chronological

Mr. Chairperson: Numerical, I believe is the word you're looking for.

We will proceed numerically.

**Bill 71—The Education
Property Tax Reduction Act
(Property Tax and Insulation Assistance Act
and Income Tax Act Amended)
(Continued)**

Mr. Chairperson: And so that means we're going to begin with Bill 71.

Does the minister responsible for Bill 71 have an opening statement?

An Honourable Member: I do.

Mr. Chairperson: Minister Fielding.

Hon. Scott Fielding (Minister of Finance): Thank you for all the presenters that came out tonight. Some very great passion from all sides on this equation in terms of this bill.

The bill initiates our government's promise to phase out the education property tax in Manitoba, and it's the beginning of what would be or is the largest tax cut in the history of the province. The bill requires government to provide rebates in respect to education property taxes and the community revitalization levy at a rate of 25 per cent for residential and farm properties and 10 per cent for other properties in 2021. These percentages can be increased by regulation in future years, and our commitment is another 25 per cent in year two.

These provisions would allow for approximately 658,000 rebate cheques to be sent out to property owners in the coming months, totalling an estimated \$248 million of important tax relief, especially during the pandemic, Mr. Chair—that are very much needed.

* (20:00)

This will keep more money in the pockets of Manitoba property owners and provide timely boosts to our economy as we look to recover from the pandemic and get through the pandemic and the shut-downs that we're seeing.

The new rebates combined with the adjustments being made to existing credits for residential and property taxes will provide a guaranteed reduction in net property taxes of 25 per cent in residential and farm properties and ensures these properties do not

receive credits or rebates that exceed school tax payable.

The bill also contains provisions to help ensure that renters will share in the benefits of the new rebate. We expect that market forces will lead to share the cost reductions resulting in the rebates over time in the form of rent adjustments, but to help ensure that this—that is the case in the short term, the bill amends The Residential Tenancies Act to set a rent guideline of zero per cent in 2022 and '23.

In addition, government is reinvesting savings generated by reducing the education property taxes by increasing funding to the Rent Assist program to the tune of about \$21 million, Mr. Chair, and improving financial supports for vulnerable Manitobans.

Lastly, I'd like to thank the presenters, as I mentioned, for coming out tonight and showing their passion as it relates to this bill.

Mr. Chairperson: We thank the minister for his opening statement.

Does the critic from the official opposition also have an opening statement?

An Honourable Member: I do. Thank you.

Mr. Chairperson: All right.

Mr. Mark Wasyliv (Fort Garry): Nobody voted for this plan. When the government campaigned on this, they said that they would phase out property taxes over a 10-year period and a precondition had to be a balanced budget. We're concerned that this radically changed, that 50 per cent of the rebate will be eliminated in two years and to do that, the government is running record-high deficits with borrowed money to pay for what amounts to basically a political stunt.

And the timing of this certainly is no accident. This—we know that this minister has only decided to do this in the latest budget, that there was no planning or forethought, that this was a very reactive measure. It's clearly as a result of the terrible poll numbers of this government. And we're seeing the results of a government that's tired and old and out of ideas and basically in its death throes and they come up with this political stunt as some sort of last ditch—ditch political Hail Mary.

And the problem is that Manitobans are going to suffer for it and this doesn't make our tax system fairer. It does the opposite. It's going to hurt renters who are going to lose out on this. It's going to hurt small-business owners who are going to lose out on

this. It is going to further inequality in Manitoba and make us less fair as a province. It's going to shift the tax burden onto middle and lower income and giving an unearned tax benefit to the wealthiest landowners and estate holders in the province.

When you couple that, that there is no commitment to replace this money in the Education budget and we've had five years of chronic underfunding and cuts to our Education budget.

And, thankfully, we had school boards who would stand up to this government and would use their very limited power of taxation to replace the money that was cut by this government from the education system.

And for parents like us who have children in the system, we have to thank every school board for doing that because it made the difference between whether or not they were in a class with 40 other kids; it made the difference whether or not there was special-needs education in their school; it made a difference whether or not there was nutrition programming for our most vulnerable children.

And, of course, the danger here is by eliminating the entire education property tax and not giving while eliminating school boards as well, there will be absolutely no speed bumps for the radical cuts that are coming to our education system, which is already struggling from this government.

So, this is an absolutely obscene idea, when the government's running historically high deficits, that they're going to borrow money that the most vulnerable people in Manitoba will have to pay off for generations to give an unearned transfer of wealth to our wealthiest Manitobans.

The minister likes to say that, you know, the average homeowner's going to get \$400. Well, keep in mind our Premier (Mr. Pallister) is going to get something somewhere in the neighbourhood of \$7,000. And so you can see from that one example, is just how incredibly unfair this is, and we will not be supporting this bill.

Mr. Chairperson: We thank the member for his opening statement.

Now, during the consideration of a bill, the enacting clause and the title are postponed until all others have been considered in their proper order.

Also, if there is agreement from the committee, the Chair will call—that is me—I will call clauses in blocks that conform to pages, with the understanding

that we'll stop at any particular clause or clauses where members may have comments, questions or amendments to propose.

Is that agreed? [*Agreed*]

All right, clauses 1 and 2—pass; clause 3—pass; clauses 4 and 5—pass; clauses 6 and 7—pass.

Shall clauses 8 and 9 pass?

Some Honourable Members: Pass.

An Honourable Member: Question.

Mr. Chairperson: Question from the member, Mr. Wasyliw.

Mr. Wasyliw: On clause 9.

Mr. Chairperson: All right, shall clause 8 pass—for a moment?

An Honourable Member: Pass.

Mr. Chairperson: Yes, clause 8 is accordingly passed.

And shall clause 9 pass?

An Honourable Member: Question.

Mr. Chairperson: Mr. Wasyliw.

Mr. Wasyliw: As a result of the reduction in tax credit provided to renters, could the minister provide an estimate to the net loss to renters in Manitoba with the 25 per cent reduction in their credit?

Mr. Fielding: Actually, renters will be better off on our program—not just renters, but also taxpayers. Homeowners—658,000 homeowners will see a 50 per cent reduction, and renters will be better off as well. We know that, in fact, even the member's own area, members are going to be better off; someone that would be renting a place, for instance, would be I think upwards of \$68 better off under our plan than the NDP status quo plan.

Mr. Wasyliw: I'd remind the minister that we're not in government.

How many residential renters will be impacted by the reduction in the credit?

Mr. Fielding: There'll be no property tax owners. In fact, they'll have a positive impact, a 50 per cent reduction in their property taxes.

Mr. Wasyliw: I think he must have misheard. How many residential renters will be impacted by the reduction in credit? [*interjection*]

Mr. Chairperson: Sorry, the honourable minister.

Mr. Fielding: As I used the example, for instance, if you're a renter in the city of Winnipeg or across the province, you'll actually see a benefit from our plan as opposed to the NDP status quo plan.

Mr. Wasyliw: Wondering how the minister can explain how the reduction in the tax credit will be a benefit to a renter.

Mr. Fielding: Because there's a rent freeze that will happen in 2022 and '23. If you average out what the rent increase has been over the last 10 years, it's 1.7 per cent. So if you average that out, minus off the tax credit—so, for instance, a resident in your particular area that were paying about \$1,000 would see about 68 per cent benefit from our plan as opposed to the NDP status quo plan.

Mr. Wasyliw: How many commercial renters will be impacted by the reduction in credit?

Mr. Fielding: Everyone that owns property in the city of—rather, in the province of Manitoba, will see benefit from this plan: 10 per cent for business owners and 25 per cent for residential and farm owners.

Mr. Wasyliw: How many commercial renters will see a benefit?

Mr. Fielding: I don't have the exact number here. We can get the exact number for them, but they will see a 10 per cent reduction in their property taxes.

Mr. Wasyliw: A commercial renter doesn't pay property tax, so how will they benefit from this reduction? *[interjection]*

Mr. Chairperson: Sorry, Minister Fielding.

Mr. Fielding: They'll see a 10 per cent reduction in education property taxes.

Mr. Wasyliw: Again—

An Honourable Member: Commercial renter or commercial owner?

Mr. Wasyliw: A commercial renter does not pay education property tax. I'm shocked that I have to explain this to the minister.

So I'm wondering how, you know, they're going to benefit from this.

Mr. Fielding: Well, one thing's for sure. We're not going to make mistakes as the member did where he jacked up taxes by over 37 per cent when his time of office. That's a mistake we're not going to make.

In fact, we think that it's hypocritical for someone that's supposed to represent the poor to jack up taxes by over 37 per cent while they are a school trustee. That's just not approach we're going to take. We're going to reduce property taxes for renters, for—rather, for owners, as well as farm owners as well as commercial owners, and renters are going to be better off on our plan than your plan.

Mr. Wasyliw: I think the minister heard today from the school trustees that they only raise taxes because—to offset the cuts from this government on education funding. So I'm wondering if he could tell us how many farm owners will receive this benefit.

* (20:10)

Mr. Fielding: We can table for you the information, but one thing that we're not going to make a mistake is we're going to ensure that tax supporters—whether you own property tax, whether you're residential, whether you're a farm owner or whether you're a commercial owner—you're going to see a benefit to this plan.

Mr. Wasyliw: What do you anticipate the total amount flowing to farmers for the rebate?

Mr. Fielding: It's about \$248 million benefit for all property owners in the province of Manitoba.

Mr. Wasyliw: Is the minister able to break that out for farm properties?

Mr. Fielding: Yes. The average farm owner in Manitoba will see about a \$1,900 benefit. That's a rebate of \$1,900 for the average farm owner. For the average business owner that's about \$800 and the average homeowner rebate will be \$385; if you're living in the City of Winnipeg it's around \$481. That's the benefit they'll see.

Mr. Wasyliw: Of the \$248 million total bill, how much of that will be farm rebates?

Mr. Fielding: I don't have the exact numbers here, but it is a 25 per cent reduction on the farm rebates.

Mr. Wasyliw: How many out-of-province companies do you anticipate to receive the rebate?

Mr. Fielding: Well, we see that all property owners in the province of Manitoba will see a benefit, whether you own the property here or not. And that makes entire sense because we want to make sure that we're competitive in our tax environment.

If people want to bring their hard-earned tax dollars to Manitoba, if people want to invest in Manitoba

through immigration and other things, we think that they should see the benefit, so we think there's a tax competitiveness to making sure that everyone gets the benefit.

Mr. Wasyliw: How much of the benefit is going to out-of-province corporate landlords and out-of-province pension funds?

Mr. Fielding: I don't have—they're not registered as a pension fund that's there so that's impossible to break out.

Mr. Wasyliw: So, of that \$248 million, how much of it is going to out-of-'provice' property owners?

Mr. Fielding: We can get the information for you, but what this provides is \$248 million of tax relief—much-needed tax relief—to Manitobans, whether you're a homeowner in Manitoba, that will mean—or here even in the City of Winnipeg, that's upwards of \$481.

That's not good enough for us, so in the second year, we're going to double it up, so it's going to be close to \$900 here in the City of Winnipeg; if you're in other regions, depending on what the assessed value of land is, it's going to be less or more depending on what the value of the land is.

Mr. Wasyliw: So will the minister make an undertaking to provide the information of out-of-province property owners and how much they're going to benefit.

Mr. Fielding: If we can break that down, yes we would.

Mr. Wasyliw: I wonder if the minister could provide examples of the impacts on median residential, commercial and farm properties?

Mr. Fielding: Could you repeat the question?

Mr. Wasyliw: Actually, you know what, I think you've already answered that.

Would the minister provide how many secondary properties will now be benefitting from a tax rebate and what's the estimated total benefit?

Mr. Fielding: I guess it depends on whose name is on the property roll, so we can provide that information to the member.

Mr. Chairperson: Mr. Wasyliw, further questions?

Mr. Wasyliw: Again, I just want to clarify that he's prepared to make an undertaking in that regard.

Mr. Fielding: As best I can, I will.

Mr. Wasyliw: Fair enough. That's all my questions.

Mr. Chairperson: Thank you, Mr. Wasyliw.

Clause 9—pass; clauses 10 and 11—pass; clause 12—pass; clause 13—pass.

Shall clauses 14 through 16 pass?

An Honourable Member: Question.

Mr. Chairperson: Clause 14—pass.

Shall clause 15 pass?

An Honourable Member: Question.

Mr. Chairperson: Question on clause 15.

Mr. Wasyliw: Could the minister provide some examples of printed information material that may be supplied under the section?

Mr. Fielding: I don't have printed information here if that's what the member is asking for. But the information would provide informational aspects to homebuyers in terms of what the program will be.

Mr. Wasyliw: What would that information and material include? Would it have the signature from a minister or the Premier (Mr. Pallister); would that be requisite?

Mr. Fielding: There will be a signature from myself or the Premier.

Mr. Wasyliw: How about an image of either the minister or the Premier?

Mr. Fielding: There's no image of myself or the Premier.

Mr. Wasyliw: Those are my questions on the section.

Mr. Chairperson: Clause 15—pass; clause 16—pass; clause 17—pass; clause 18—pass.

Shall clause 19 pass?

An Honourable Member: No.

Mr. Chairperson: I hear a no.

Mr. Wasyliw: Seeking a recorded vote.

Mr. Chairperson: Sorry.

Voice Vote

Mr. Chairperson: All those in favour of clause 19, please say aye.

Some Honourable Members: Aye.

Mr. Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Ayes have it.

Recorded Vote

Mr. Wasyliw: A recorded vote, please.

Mr. Chairperson: A recorded vote having been—has been requested.

For the information of all the members of the committee, recorded votes will take place in a similar way to those in the Chamber.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 3, Nays 2.

Mr. Chairperson: Clause 19 is accordingly passed.

* * *

Mr. Chairperson: Enacting clause—pass; title—pass. Bill be reported.

Bill 223—The Spirit Bear Day Act

Mr. Chairperson: We will now move on to clause-by-clause consideration of Bill 223.

Does the bill sponsor, the honourable member for Point Douglas, have an opening statement.

Mrs. Bernadette Smith (Point Douglas): I do.

Mr. Chairperson: All right. Go ahead and make your statement, Mrs. Smith.

Mrs. Smith: Miigwech, Mr. Speaker. I want to wish everyone a happy Spirit Bear day today, as today is May 10th, as we know.

Normally, we'd have hundreds of children joining us at the Manitoba Legislature marching around the building with their bears and learning more about Jordan River Anderson, who is the founder of Jordan's Principle through performances and various speakers,

Bill 223, the spirit day act, will proclaim May 10th as Spirit Bear day, a day that is important to recognize the important significance of Jordan's Principle.

May 10th is a day—was the day the Canadian Human Rights Tribunal issued its first non-compliance order against the government of Canada, a day which marks the initiation of Jordan's Principle to stop payment disputes between levels of government for services to ensure that care comes first.

Jordan River Anderson was given a bear in the hospital when his family had to make the difficult choice to put him in care in order for him to get the medical attention he needed. The bear followed Jordan through his difficult journey until he succumbed to his medical needs. The bear was later named

Spirit Bear to recognize the spirit of Jordan River Anderson so that his spirit continues to live on.

Officially marking May 10th will help to create awareness of Jordan's Principle and the challenges faced by First Nations children when accessing government services. It will also commemorate and honour Jordan and his difficult journey to make sure no other First Nations child gets left behind.

I want to thank Jordan's family for entrusting me in bringing this bill forward, which also honours all of the sacrifices that his family has had to make. We thank you for sharing Jordan with us.

I look forward to this bill passing through committee stage and making its way back to the House for its passage. We will be the first province to recognize this day through legislation.

Miigwech.

Mr. Chairperson: We thank the member for that statement.

Does any other member of the committee wish to make a statement—an opening statement on Bill 223?

Seeing none, then during the consideration of a bill, the preamble, the enacting clause and the title are postponed until all other clauses have been considered in their proper order.

Clause 1—pass; clause 2—pass; clause 3—pass; preamble—pass; enacting clause—pass; title—pass. Bill be reported.

The hour now being 8:20 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise.

COMMITTEE ROSE AT: 8:20 p.m.

WRITTEN SUBMISSIONS

Re: Bill 71

Committee Members,

Since the 2017/2018 school year, education funding has not remained on par with consumer price index (CPI or cost of living) increases in Manitoba. When funding does not equate CPI, it is actually a funding cut. School Divisions pay for services and supplies with inflated prices in keeping with CPI. The latest education funding announcement made by Minister Cullen is the 5th year of such underfunding.

On top of Education funding not being maintained at CPI levels, the provincial funding announcement each

year is comprised partially of funding that does not directly impact educational programming. This portion of education funding, also known as capital funding, is administered by a government department to repair infrastructure and build new schools. While these are important and necessary expenditures these dollars don't help shelter school divisions from increasing service and supply costs. When you look at only the operating funding that has been provided to school divisions over the 2017/2018 to 2019/2020 school years, school divisions have been provincially underfunded by approximately 67 million dollars. Couple this declining funding with increasing enrolment (approximately 10,000 students since 2015/2016) and you have an education system that is eroding from within due to being slowly and strategically underfunded.

Prior to 2018, School Divisions had the unencumbered ability to levy an education property tax on properties within their catchment areas to ensure that they could maintain their level of local investments. As Provincial funding to Divisions has decreased (from approximately 62% of revenues down to 58%, or \$98 million system wide) Divisions have buffered the impact to the classroom through increasing the portion of their revenues that were Municipal (ie. through the education property tax).

You may question how all of this information relates to Bill 71 and how exactly Bill 71 impacts school division funding—let me explain.

Premier Pallister and Minister Fielding have been very vocal about their intent to do away with education property taxes. These education taxes (or municipal funding) currently account for approximately 35.3% or \$877 thousand worth of education funding. Bill 71 provides a tax rebate to property owners on their education property taxes—25% for this year and 25% for next year and an ability to provide further rebates in coming years. Rebates are a form of Provincial spending—in this case, the Provincial Government is spending dollars that were collected for important public services, such as education, and diverting them to property owners.

In all of the announcements made and all of the Bills tabled in recent sessions, there has been no information or legislation released about how this very significant funding source will be replaced. If the money isn't coming directly from Manitobans via a tax, and school divisions are losing the ability to levy education property taxes, then the only options that remain are that there will be additional significant

funding cuts to education, or another important public service, such as health, will lose funding in favor of funding education. Neither of these options is in the best interest of Manitobans.

Evergreen School Division's mission is to engage students in learning to become contributing citizens of a democratic society—we achieve our mission through supporting programming that is customized to our local context and that puts our students first. Part of putting our students first means protecting the society that they stand to inherit, including the important public services that support their families and all Manitobans in an inclusive and accessible way.

We recognize and appreciate that the pandemic has resulted in financial hardship for many Manitobans. Providing this tax rebate increases the financial hardship of Manitoba parents and of the low-income families who don't own property and won't benefit from the rebate but will feel the impacts of funding cuts to public service. Funding cuts will mean that parents will need to contribute more of their time and energy to fundraising or paying for items that the School Division can no longer afford such as school supplies, nutrition programs, and accessible junior kindergarten. In Evergreen, declining funding means the loss of programs that are in place to assist with inequities amongst our families and to meet our local needs.

This tax rebate is structured to have the greatest positive impact on those who are affluent enough to own many properties.

This tax rebate is choosing affluent Manitobans over educational programming that directly addresses child poverty issues in our communities and contributes to student success.

This tax rebate is being made on the backs of Manitoba parents and low-income families.

Bill 71 works to defund public service.

Respectfully, the Evergreen School Division Board of Trustees is calling on the standing committee to amend the Bill to forgo the rebate for the coming year and to remove the possibility for further rebates in the future.

Thank you for the opportunity to address this Bill.

Penny Helgason
Board Chair
Evergreen School Division

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.manitoba.ca/legislature/hansard/hansard.html>