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Municipal Assistance

AN ADDRESS BY

Hon. E. C. Manning

and

Hon. A. O. Aalborg

Provincial Treasurer

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Hon. E. C. Manning:

Good Evening, Ladies and Gentlemen:

I would like us to talk over with you a few matters pertaining to local municipal property taxation, especially as it relates to the financing of Education in this Province. I have asked the Hon. Mr. Aalborg, your Provincial Treasurer, to join me for the discussion tonight.

As you know, the Provincial Government does not levy any property taxes. Sometimes however, there is a little confusion with respect to the local municipal taxes that are levied on property to finance the municipality's share of the Provincial Foundation Education Program. This is the matter that I would especially like us to clear up tonight.

A few weeks ago, for example, there was a meeting between a special committee of the Cabinet and the Mayors of nine of our Alberta cities for a discussion of the adjustment from 26 to 28 mills in the municipal tax for Education to finance their share of the Foundation Program. After that meeting, a number of statements appeared in the public press which I think caused some confusion in the minds of some people. For example, here in the City of Edmonton, the Mayor of Edmonton is reported to have said that the Provincial Government was now collecting for the Province more of the revenue from property tax than the municipalities. This, Ladies and Gentlemen, is something that should be clearly understood, and I have asked Mr. Aalborg tonight if he would give us the facts regarding property taxes for school purposes, and also point out to you the assistance that the Foundation Fund receives from the general revenue fund of this Province. Mr. Aalborg, would you like to say a few words on this at this time?

Hon. A. O. Aalborg:

Premier Manning, each year the Department of Education bills Edmonton, along with all other municipalities, for the municipal share of the Foundation Program of School Finance, which supports local school systems in Grades I to XII in all municipalities and school districts of the Province, including Edmonton. In 1966, this municipal share was at the rate of 26 mills on equalized assessment, and this rate will be increased to 28 mills in 1967. The municipal contribution to the Foundation Program is not a means of raising money for the Province. Not one cent of the municipal tax for schools is placed in the general revenue fund of the Province. It is placed in a special School Foundation Program Trust Fund. The entire amount of the tax is then returned to the school districts of each municipality, together with large additional sums, provided by the Provincial Government from the general revenues of the Province.

In 1965, the city of Edmonton paid about \$16 million to the Foundation Program Fund, and the Public and Separate school districts of the city collected nearly \$34 million from the Fund. In 1966, the city again paid about \$16 million to the Fund, and the school districts collected over \$40 million. It is estimated that in 1967, the city of Edmonton will pay about \$18½ million to the Fund at the rate of 28 mills, and that the Edmonton school districts will collect nearly \$47 million from the Fund. These figures clearly show that, while Edmonton will pay \$18½ million to the Foundation Program Fund in 1967 (over \$2 million more than in 1966) the Edmonton school districts will collect nearly \$47 million from the Fund, which is nearly \$7 million more than last year. The difference in the amount contributed

by Edmonton, as compared with the amount collected by the districts of the city — that is, about \$28½ million — will be paid by the Provincial Government.

If the Edmonton school districts need additional funds to balance their budgets this year, they will of course, as in past years, bill the city for these extra funds. But, stepping up the payments to the districts from the Foundation Program Fund will cut down on the need for extra funds from the city. Two mills more for the Foundation Program should mean two mills less for extra funds. The two-mill hike for the Foundation Program is an adjustment in rates, and not an increase in the total rate.

Hon. E. C. Manning:

While we are on this subject of financial assistance to schools and municipalities, I think it would be interesting to our viewers if you told them what the Provincial Budget for the coming year provides by way of such assistance.

Hon. A. O. Aalborg:

The Budget for 1967-68 provides a total sum of \$303 million for financial assistance to the municipalities of the Province. This sum of money is about 36% of the total Budget at \$834 million for the year ahead. It is also rather interesting to note that the estimated total amount of property taxes which will be levied throughout the Province in 1967 is \$196 million. In other words, the financial assistance provided to municipalities out of the general revenues of the Province will exceed by well over \$100 million the total amount which will be levied in property taxes in all municipalities of the Province. The five main items in

this total program of financial assistance to the municipalities are these:

- (1) \$132 million for Education, made up of \$120 million for the Foundation Program, and a further \$12 million for grants to vocational schools, for contributions to teachers' retirement funds, and things of that sort.
- (2) \$98 million for Health and Hospitalization, which will be provided through the Department of Public Health.
- (3) \$28 million for roads, bridges, and other structures, which will be provided mainly through the Department of Highways.
- (4) Unconditional grants to the municipalities in an amount of \$25 million. It is these unconditional grants which are related to the oil royalties of the Province, and one-third of that amount.
- (5) \$12 million for the Homeowner's Tax Discount.

Hon. E. C. Manning:

During the current session of the Legislature, there was some discussion regarding assistance to municipalities in Alberta, as compared with the measure of assistance that other Provincial Governments give to their municipalities. I remember it was mentioned, during the Budget Debate, that in the Province of Ontario half of the Provincial Budget is allotted for financial assistance to municipalities. I am sure our viewers would be interested in the facts concerning that matter, Mr. Aalborg.

Hon. A. O. Aalborg:

There are, of course, many sets of statistics regarding the assistance provided by various Provinces to their municipalities; and as you have said, Premier Manning, one of the illustrations used during the session has been the financial assistance provided by the Government of Ontario. A quick look at the figures would, I think, be of interest.

The total Budget of the Province of Ontario for the year ahead is \$2 billion, 200 million; and of this amount, it can be rightly said that something over half of this huge sum — \$1 billion, \$200 million — will be provided for the municipalities of that Province. We must remember, however, that the population of Ontario is 7 million people; so the total Budget of that Province works out to about \$305 per capita, and on this basis, the total amount of assistance to municipalities works out to about \$170 per capita. In Alberta, where for the year ahead we have a Budget of \$834 million and a population of 1½ million, this total Budget works out at \$556 per capita, and with the figure that I quoted a few minutes ago — \$303 million for assistance to municipalities — this works out to \$202 per capita. On a per capita basis, the assistance provided by the Government of Alberta for its municipalities is about \$32 higher than the per capita assistance provided by the Government of Ontario. Various sources of statistics in these matters will show without any doubt that the level of assistance provided by the Government of Alberta to its municipalities is the highest level provided by any Provincial Government in Canada.

Hon. E. C. Manning:

I hope these facts set the record completely straight on that important matter. One other matter, before we close. Opposition parties and opposition Members in the Legislature have often tried to make the claim that Edmonton and Calgary have the largest debt of any cities in Canada. I believe you have the actual figures and facts with respect to that, and I am sure our people would be interested in hearing them.

Hon. A. O. Aalborg:

A very interesting set of statistics, published each year in connection with provincial and municipal financial statistics is issued by the well-known investment firm, Wood, Gundy Securities. According to a statement which appears in this publication, there are 18 cities in Canada which are quoted as far as net debenture debt and net tax collections are concerned. It is very interesting to note in these statistics, that of these 18 major cities in Canada, there are 9 that have higher per capita debenture debts than the city of Calgary; there are 2 that have higher per capita debts than the city of Edmonton; and it is also most interesting to note that in these statistics 14 out of 18 of these cities have a higher per capita property tax rate than either Edmonton or Calgary. It is apparent therefore, that the claim that Alberta cities have the highest debts and the highest tax rates is without any foundation in fact.

Hon. E. C. Manning:

I think this is information in which you are certainly interested, and to which you are entitled. Remember, it isn't a matter of arguing back and

forth between municipal governments and the Provincial Government on how these matters are handled — it is all the same people. All that we are anxious to do is to see that these matters are handled in a completely fair and generous and equitable manner. I think from the figures Mr. Aalborg has given you, we can truthfully say that your Provincial Government is carrying its fair share — and in many respects, a very generous share — of the costs of these important social services which in other jurisdictions in Canada fall more heavily on the local municipal taxpayer, than is the case here in the Province of Alberta. This is the way we would all want it.