

Fourth Session - Thirty-Ninth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Social and Economic Development

Chairperson
Mr. Daryl Reid
Constituency of Transcona

Vol. LXII No. 1 - 6 p.m., Wednesday, June 2, 2010

ISSN 1708-6698

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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

Wednesday, June 2, 2010

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Daryl Reid (Transcona)

VICE-CHAIRPERSON – Mr. Tom Nevakshonoff (Interlake)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

*Hon. Ms. Marcelino, Hon. Mr. Struthers,
Hon. Ms. Wowchuk*

*Messrs. Briese, Cullen, Goertzen, Martindale,
Nevakshonoff, Reid, Saran, Mrs. Stefanson*

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

WITNESSES:

Mr. Paul Cenerini, Private Citizen

*Mr. Shannon Martin, Canadian Federation of
Independent Business*

Mr. Ernest Muswagon, Private Citizen

Mr. Randy Porter, Private Citizen

Mr. Sean Palsson, Private Citizen

Ms. Pat Bowslaugh, Private Citizen

Mr. Ray Sitter, Private Citizen

*Mr. Kevin Rebeck, Manitoba Federation of
Labour*

*Mr. Colin Craig, Canadian Taxpayers
Federation*

*Mr. Chuck Davidson, Winnipeg Chamber of
Commerce*

Ms. Mary Johnson, Private Citizen

Mr. Cy Fien, Gendis

Ms. Tara Walker, On Screen Manitoba

Mr. Steven Morrison, On Screen Manitoba

Mr. David Sanders, Private Citizen

Mr. Wayne Anderson, Private Citizen

*Ms. Kathy Litton, Joint Canadian Tanning
Association*

Mr. Andrew Nichol, Private Citizen

Mr. Michael Willcock, Private Citizen

Mr. Michael Silicz, Private Citizen

Mr. Darren Penner, Private Citizen

Mr. Kyle Mirecki, Private Citizen

Mr. Marty Morantz, Private Citizen

WRITTEN SUBMISSIONS:

Peter John Clements, Private Citizen

*Richard Benoit, Retired Teachers' Association of
Manitoba*

MATTERS UNDER CONSIDERATION:

*Bill 31–The Budget Implementation and Tax
Statutes Amendment Act, 2010*

* * *

Mr. Chairperson: Order, please. Will the standing committee on social justice and economic development please come to order.

Good evening, everyone. Our first order of business is the election of a Vice-Chairperson. Are there any nominations?

Mr. Doug Martindale (Burrows): I nominate Mr. Nevakshonoff for Vice-Chair.

Mr. Chairperson: Mr. Nevakshonoff has been nominated as Vice-Chairperson. Are there any further nominations? Seeing none, Mr. Nevakshonoff has been elected as our Vice-Chairperson of this committee for this evening.

This meeting has been called to consider Bill 31, The Budget Implementation and Tax Statutes Amendment Act, 2010.

We have a number of presenters registered to speak this evening, as noted on the list before each of the committee members. If there are any additions, or individual members of the public are here with us

this evening, please see the table officer at the back here and we'll add your name to the list.

Before we proceed with presentations, we do have a number of items that the committee must consider, and points of information as well. First of all, if there is anyone, as I've indicated, that wish to add their name, please see the clerk at the back of the room and we'll register you to speak.

Also, if—for the information of all presenters who are here with us this evening, while written versions of presentations are not required, if you are going to accompany your presentation with written materials, we ask that you provide 20 copies. And if you need help with photocopying, please see our assistant at the back of the room and we'll assist you with the photocopying.

As well, if you would—I would like to inform presenters that, in accordance with our rules, a time limit of 10 minutes has been allotted for presentations, with an additional five minutes allowed for questions from various committee members. Also, in accordance with our rules, if a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list. If a presenter is not in attendance when their name is called a second time, they will be removed from the list of presenters.

On the topic of determining the order of public presentations, I will note that we do have a number of out-of-town presenters in attendance, as committee members will note on the list they have before them. And the names of out-of-town presenters are marked with an asterisk.

As well, we have had a request from Paul Cenerini, presenter No. 11 for Bill 31, to make a presentation in French. And we do have translation staff on hand to accommodate consecutive translation.

With these considerations in mind, then, what order does the committee wish to hear presentations this evening?

Mr. Martindale: I think the normal procedure would be to hear the presentation that required translation first and then out-of-town presenters and then the others.

Mr. Chairperson: It has been proposed that this committee hear the presentations in French first and then proceed to out-of-town presenters in order listed. Is that the will of the committee? *[Agreed]*

For information of committee members, a written submission on Bill 31 from Peter John Clements has been received and distributed to committee members. Does the committee agree to have this written document appear in the *Hansard* transcript of the meeting for this meeting? *[Agreed]*

Also in accordance with our rules, as there are currently more than 20 people registered to speak to this bill tonight, except by unanimous consent, this committee may not sit past midnight to hear presentations. However, I would like to advise all present that if the consideration of tonight's business has not concluded, a subsequent meeting will be held Thursday, June 3rd, at 6 p.m., in Room 254.

How late does the committee wish to sit this evening?

Mr. Martindale: We're certainly prepared to follow the rules and sit until midnight. I think there are a number of people here who expect that, because of the large number of presenters registered, that it's going to be a late night. And certainly, at a minimum, we should hear from all the people who want to present tonight. If we're almost through the list at—shortly before midnight, I think we could reassess and see whether we wanted to hear everyone or sit tomorrow, as we may need to.

So, for now, we would like to sit till midnight, but we're prepared to reassess that later.

* (18:10)

Mr. Kelvin Goertzen (Steinbach): My concern is less for members of this committee and more for members of the public who are here with us this evening.

I'm disappointed that we haven't moved to a different process for a committee such as this where we have a number of different presenters. I know at the federal level, you would have a specific time slot so that individuals who come from the public would know exactly when they're presenting and they wouldn't have to come with the expectation to sit for five hours waiting for their turn.

In the absence of that, Mr. Chairperson, I would suggest we perhaps re-evaluate at 9 p.m. and maybe then canvass those who are still in the room to present to see who's able to remain and who isn't. And those who have been called but aren't here because of the late hour, I would suggest they be carried forward to tomorrow.

Again, this is a significant bill, and I'd be surprised if the Minister of Finance (Ms. Wowchuk) would want to disenfranchise anybody from speaking to the committee simply by running it at an hour that might not be suitable to a person's personal life if they have children that they need to attend to or—you know, there are people who have different sorts of jobs than we do and who might need to prepare for those jobs.

So my suggestion is we would look at it at 9 p.m. and then do a canvass of those who are in the room to see how it fits their schedule, so we don't have to leave the people lingering too long and also to ensure that we don't drop people off unnecessarily who can't wait to that late hour.

Mr. Martindale: I think the member for Steinbach actually has a good suggestion about rules, and he might want to discuss that with his House leader, and maybe that's the kind of thing that the House leaders could discuss when talking about possible rules changes, because I think that having a specific time for presenters might be a good idea.

I would also point out, though, that if this was Ottawa or Ontario or, indeed, I think almost any jurisdiction in Canada, the government would hand-pick who presents. I believe Manitoba is the only jurisdiction in Canada where everyone who wants to present gets the opportunity to present.

Secondly, we know that not everyone who registers shows up, for one reason or another, and some presenters will choose not to answer questions, and therefore it could go quite a bit more quickly than we anticipate. So we're prepared to re-evaluate this later.

Mr. Goertzen: Just for the record, that's not actually correct. The federal committees—or their travelling committees will sign up the people who want to speak. So the member is incorrect there.

We did make that suggestion three years ago about having specific times for the public. It was not acted upon. So the member is also incorrect there.

I get a sense that the government is hopeful to ram this committee through and maybe try to get people to drop off the list because of the late hour. We'll do our best to prevent that from happening so that everybody can have an opportunity to speak.

And we'll proceed, I suppose, under the current rules, although my suggestion still stands that we would go till 9 p.m. and then canvass the public,

because this is—this really isn't our committee; this is their committee tonight. I want to hear as many people from the public as possible.

And so I would suggest at 9 p.m. we canvass the room to see who is able to stay. And if the minister just doesn't want to hear from the public, well, that's her will and she can try to ram this through.

Mr. Chairperson: Well, it's been proposed to the committee Chair that this committee, as allowed under the rules, sit to midnight, and there's been an alternate suggestion for 9 o'clock, for a review at that point in time.

The Chair is obligated, I believe, to follow the rules that are in place and set for this committee unless there's unanimous consent by the committee itself. So—Mr. Goertzen?

Mr. Goertzen: I would seek that consent, that we review at 9 p.m., so we could canvass those who are in the room.

Mr. Chairperson: Is it the will of the committee to sit until 9 p.m. and then to review at that time? *[Agreed]*

Thank you to committee members. Then the Chair will interrupt proceedings at approximately 9 p.m. and then we'll review at that time for an alternate decision.

Now, prior to proceeding with public presentations, I would like to advise the members of the public regarding the process for speaking in the committee this evening. As you will note, we have a podium here with a microphone and the proceeds of our meeting this evening are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, as Chairperson I first have to say the person's name. This is a signal to our *Hansard* folks here with us this evening to turn the microphones on and off.

I thank you for your patience and will now proceed with public presentations. As previously agreed, the first presenter we have requires translation services and we'll call Mr. Paul Cenerini, private citizen, to the microphone.

Mr. Paul Cenerini (Private Citizen): Bonjour.

Translation

Hello.

Mr. Chairperson: Do you have a written presentation, sir?

Mr. Cenerini: Oui, j'en ai une.

Translation

Yes, I do.

Mr. Chairperson: Proceed when you're ready, Mr. Cenerini. Welcome.

Mr. Cenerini: Monsieur le Président, membres du comité d'étude. Merci pour l'opportunité que vous m'accordez d'exprimer mes idées et de faire entendre mon opinion vis-à-vis le projet de loi 31.

Je me nomme Paul Cenerini. J'habite la région de Notre-Dame-de-Lourdes, aussi connue comme la région de la Montagne. Je me présente devant vous à titre de simple citoyen. J'ai pris ma retraite du domaine de l'éducation en 2001, mais je ne vous parlerai pas d'éducation ce soir. Depuis ce temps, je suis devenu bénévole. Mon implication est surtout au niveau des services de santé en français et en région rurale plus spécifiquement.

J'aimerais commenter le projet de loi en général d'abord. Ensuite, dans un deuxième temps, j'aimerais parler plus spécifiquement de la nécessité de modifier la loi sur l'équilibre budgétaire afin de pouvoir maintenir une marge de manœuvre qui nous évitera des manques à gagner encore plus importants dans l'avenir.

Toutes les provinces, ainsi que le pays, prévoient des manques à gagner cette année. Notre voisin, la Saskatchewan, environ 623 millions de dollars, l'Alberta, environ 5 milliards, la Colombie-Britannique, environ 2 milliards, et, enfin, l'Ontario, environ 20 milliards. N'oublions pas le pays lui-même : environ 50 milliards à Ottawa. Alors, le Manitoba ne fait pas exception à ceux-ci.

Nous connaissons tous la cause principale de ces manques à gagner : la récession globale. Nous savons que nous devons éventuellement retourner à une position budgétaire excédentaire.

Je n'ai point de querelle avec les partis d'opposition qui souhaitent un retour à l'équilibre budgétaire. Cependant, je ne suis pas d'accord avec l'horaire qu'ils proposent. Un horaire beaucoup trop accéléré selon moi. Retourner à l'équilibre budgétaire dans l'espace d'un an en saccageant les services à la population est beaucoup trop radical et risqué pour l'avenir à moyen et à long terme.

Je préfère l'approche modérée et pondérée que notre Premier ministre Greg Selinger a choisi de poursuivre. Et pour faire cela, il n'y a pas d'autre choix que d'amender la loi sur l'équilibre budgétaire, comme l'ont fait les gouvernements de toutes les couleurs d'ailleurs.

* (18:20)

Je crois que le projet de loi 31, qui prévoit un retour à l'équilibre budgétaire sur une période de quatre ans, va protéger les soins de santé, les services éducatifs, les services de justice et les services à l'enfance. Tous ces services sont importants pour les Manitobains.

Le principal parti de l'opposition, au pouvoir durant les années 90, avait sabré dans les services d'éducation et de santé sans réfléchir aux conséquences futures. Nous sommes encore dans le processus de nous étriquer de ce marasme aujourd'hui.

J'aimerais louer le gouvernement actuel pour leur plan de responsabilité fiscale vis-à-vis les dépenses de tous les jours, tel que la réduction des salaires des ministres et le gel de la rémunération des membres de l'Assemblée législative.

Ce qui est important, c'est de continuer à investir dans des projets d'infrastructure, en particulier santé, éducation. Le résultat de ces investissements sera une production accrue, une amélioration de l'efficacité, une réduction des coûts à long terme.

Combien de fois dans nos vies personnelles nous avons dû absorber des dépenses que nous ne pouvions pas rembourser dans le court terme, mais si nous ne l'avions pas fait, les conséquences à moyen et à long terme se seraient avérées désastreuses?

En guise de conclusion, Monsieur le Président, j'aimerais encourager tous les membres de l'Assemblée législative d'appuyer fortement le projet de loi 31. C'est la meilleure façon, pour toutes sortes de raisons, d'assurer un avenir prometteur pour tous les Manitobains et les Manitobaines pour les années à venir. Merci.

Translation

Mr. Chairperson and honourable committee members. Thank you for this opportunity to express my ideas and share my opinions on Bill 31.

My name is Paul Cenerini. I live in the Notre Dame de Lourdes region, also known as the Mountain region. I am appearing before you as an ordinary

citizen. I retired from the field of education in 2001, but I won't be talking about education tonight. Since retiring, I have become a volunteer. I am particularly active in the area of health-care services in French and more specifically in rural areas.

I would like to start by making some general comments about the bill and then specifically address the need to amend the balanced budget act so that we can maintain a certain degree of flexibility that will prevent even larger deficits in the future.

All provinces, as well as the country as a whole, are predicting deficits this year. Our neighbour, Saskatchewan, is forecasting a deficit of roughly \$623 million; Alberta \$5 billion; British Columbia \$2 billion; and, finally, Ontario, approximately \$20 billion. Let's not forget the federal government in Ottawa, with a projected deficit of around \$50 billion. So Manitoba is no exception.

We all know the main reason for these deficits: the global recession. We know that eventually we will have to return to budget surpluses.

I have no quarrel with the opposition parties who want to return to balanced budgets. However, I do not agree with the time frame they are proposing. Their time frame is much too tight in my opinion. To return to a balanced budget within a year by slashing services to the public is far too radical and risky in the medium and long terms.

I prefer the moderate and thoughtful course that our Premier, Greg Selinger, has chosen to pursue. And to take such a course, there is no other choice but to amend the balanced budget act, as governments of all stripes have done elsewhere.

I believe that Bill 31, which provides for a return to balanced budgets over a four-year period, will protect health care, education, justice and child services. All these services are important for Manitobans.

The main opposition party, which was in power in the '90s, slashed services in education and health without thinking about the consequences. We are still recovering from those disastrous cuts today.

I would like to congratulate the current government on its plan to be fiscally responsible in its day-to-day spending by doing things like reducing ministers' salaries and freezing the pay of MLAs.

What is important is to continue investing in infrastructure projects, particularly in health and education. The results of these investments will be

increased production, greater efficiency and lower costs in the long term.

How many times in our own personal lives have we had to incur expenses that we were not able to reimburse in the short term but had we not done so, the medium- and long-term consequences would have been disastrous?

In conclusion, Mr. Chairperson, I would like to encourage all MLAs to strongly support Bill 31. It is the best way, for a host of reasons, to ensure a promising future for all Manitobans in the years to come. Thank you.

Mr. Chairperson: Bonjour, Monsieur Cenerini.

Any questions for the presenter?

Mrs. Heather Stefanson (Tuxedo): Oui, merci, Monsieur Cenerini, pour votre présentation.

Translation

Yes, thank you, Mr. Cenerini, for your presentation.

English

Mr. Cenerini, you referred to a proposal by the opposition of ways to get back to balanced budgets in a time frame. I'm just wondering if you could indicate where that proposal came from and where you received that proposal from.

Mr. Cenerini: Je crois que je ne réfèrais pas à des propositions spécifiques à ce temps ici, mais si je regarde le record ou les dossiers des années 90, lorsque qu'on a fait des coupures soit dans l'éducation ou le domaine de la santé, nous sommes encore en train de sortir des problèmes que ces coupures-là ont causés. En d'autres mots, il y a des coupures qui ont été faites dans le domaine des investissements, soit dans l'éducation des professionnels, par exemple en santé, ou dans les infrastructures, où on a eu du rattrapage à faire et on fait encore du rattrapage. Et puis je me demande si ses coupures qui ont été faites sans penser aux conséquences futures n'ont pas contribué au manque à gagner qu'on a aujourd'hui.

Translation

I don't think I was referring to a specific proposal, but if I look back to the legacy of the '90s, when cuts were made in education and health services, we are still dealing with the problems caused by those cuts. In other words, cuts were made to investments in things like job training—health care, for example—and in infrastructure, and we have had to catch up and

are still catching up. And I wonder whether those cuts that were made without thinking about the consequences have not contributed to the deficit we have today.

Mrs. Stefanson: Thank you very much. And, so, I guess just to be clear, there was no specific proposal that you received indicating that the opposition had said as such or put that type of a proposal forward; you were going on—just on maybe some past indications or maybe something else. Are you aware of the fact that the budget also has an increase in revenues for next year as well?

Mr. Cenerini: Disons que je ne suis pas un comptable et je ne suis pas un expert en économie. Mais d'après mes lectures des journaux, je sais que il y a—je sais que, par exemple, on vient de dire que probablement que le Manitoba fait mieux au point vue économique qu'on pensait qu'il ferait. Et alors donc il y a une certaine augmentation de revenus qui sera peut être plus grand que ce qu'on avait prévu. Alors, j'ai une connaissance générale de ça, mais j'ai pas de chiffres spécifiques. Je m'excuse.

Translation

Let's just say I'm not an accountant or an expert in economics. But from reading the papers I know that—I know, for example, that it's been said recently that Manitoba's economy is likely faring better than expected. And so there is an increase in revenues that might be greater than what was forecast. Like I said, I have a general understanding of these things but no specific figures. I apologize.

Mr. Chairperson: Any further questions for the presenter?

Hon. Rosann Wowchuk (Minister of Finance): Mr. Chairperson, I don't have a question, but I want to, first of all, acknowledge you, Mr. Cenerini, for the voluntary work that you now do in your retirement. I know that the citizens of your community certainly appreciate that, and I want to thank you for taking the time to come this evening and share your views.

Mr. Cenerini: Merci beaucoup.

Mr. Chairperson: Merci beaucoup, Monsieur Cenerini.

This concludes the list of those who have indicated that they wished to speak in French and to make a presentation to this committee. Are there any additional members of our public here with us this

evening that would also like to make a presentation in the French language?

Seeing none, does the committee grant its consent for our translation staff to leave for the evening? *[Agreed]* Thank you. Thank you to our translation staff.

The next presenter I have on the list from out of town—*[interjection]* One additional part of the business before I call our next presenter, as well: Given that advance notice is required for a French presentation with simultaneous interpretation, I would like to note that the committee will not be able to hear any further French presentations with simultaneous interpretation during tonight and tomorrow night's meetings. That's for the information of the committee members.

The next presenter we have listed as an out-of-town presenter is Ms. Darlene Dziewit, private citizen. Is Ms. Darlene Dziewit here this evening? Ms. Dziewit's name will be dropped to the bottom of the list.

The next presenter we have on our list is Shannon Martin, Canadian Federation of Independent Business. Mr. Martin, good evening, sir. Welcome. Do you have a written presentation, Mr. Martin?

Mr. Shannon Martin (Canadian Federation of Independent Business): No, I don't. Thank you, though.

Mr. Chairperson: Then please proceed when you're ready, sir.

Mr. Martin: Good evening, everybody. My name is Shannon Martin. I'm the director of Provincial Affairs, for the Canadian Federation of Independent Business. For over 35 years, we have represented the interests of small business community to all levels of government in their fight for tax fairness, reasonable labour laws and the reduction of regulatory paper burden. On behalf of our approximately 4,800 members here in Manitoba, I'm speaking to Bill 31, The Budget Implementation and Tax Statutes Amendment Act, a bill born out of necessity by this spring's provincial budget, described by a *Globe and Mail* article as, quote, so bleak that it breaks the law.

I had an unfortunate sense of déjà vu today as I worked on my notes. It seems taking balanced budget legislation out to the woodshed to beat into submission is a rite of passage every spring. With Bill 31, the minister of Finance's prophetic words,

spoken during debate on the original piece of legislation in 1995, that, quote, no government needs balanced budget legislation, will finally be realized insofar as the current government is concerned.

I respectfully submit that if any government needs balanced budget legislation, it is this government. They say that you can't legislate common sense, but apparently you can legislate fiscal ineptitude. Bill 31 effectively throws balanced budget legislation on the ash heap of history. It legalizes an economic recovery plan precariously built on five consecutive years of deficit budgets. The government has given up offering us even token lip-service when it comes to the idea, once considered common sense, the idea of living within our means.

With this majority, this government is following the road laid out by its predecessor, Gary Doer. Budget after budget, they've shown a disturbing willingness to change the rules mid-game, instead of sticking to their 1999 commitment to, quote, maintain balanced budget legislation.

*(18:30)

In 2008, the government removed their requirement to balance a budget annually, replacing it with a requirement to balance it over a four-year rolling average. In 2009, they suspended the requirement to make minimum debt repayments for two years. Now, Bill 31 proposes to essentially eliminate the need to balance the budget at all and eliminate penalties to be posed on Cabinet ministers for not enacting balanced legislation.

Manitoba's balanced budget legislation was once a model of government fiscal accountability. Now, it is nothing more than a prop, no more real or effective than the digital sword you may see an actor wield in the latest summer blockbuster.

So confident is government that taxpayers are either oblivious or indifferent to their actions, they offer up spin like the one from the Minister of Finance (Ms. Wowchuk), that, quote: "It's OK to run a deficit, just like you do in your household." What household makes plans to overspend for five straight years? Who would choose to drain their child's RESP account and add decades to their mortgage instead of reducing spending on things like HBO Canada and café mochas? The short answer is no one.

We are currently paying almost \$1,500 every minute on interest costs in our multibillion-dollar

debt. Now, instead of a plan to pay it off, we have a plan to rack up even more debt. At what point do we say enough is enough? When interest payments hit \$2,000 a minute? How about \$3,000 a minute? How much are we willing to divert from health, highways and higher education tomorrow because we are not willing to make the tough choices today?

Why should debt reduction even be a priority? Manitobans understand that every dollar that gets added to the long-term debt is a liability for future generations. It is one less dollar that is available to leave in people's pockets to save for their child's education or to expand their business. In the last five years alone, we have spent \$4 billion on debt servicing costs. We are not talking about pocket change here.

It is also worth remembering that a 1 percent interest rate increase adds \$17 million to our carrying costs over an annual basis. The recent core point hike to interest rates on an annual basis means the government of Manitoba needs to find an estimated \$4 million just to continuing servicing the debt on an annual basis.

Now, with tonight's attempt to legitimize a five-year economic plan that proposes an accumulated deficit of \$2.039 billion, averaging \$408-million deficit annually, it is no surprise that we never hear from government about when we can expect the over \$7-billion general purpose debt to be repaid—a general purpose debt, I might add, greater today than in 2000.

It should, therefore, come as no surprise that not since Budget 2002 and a suggested elimination date of 2036 that Manitobans have been shown the light at the end of the debt tunnel. Now, we asked the minister just how many years have been added to the repayment schedule: five, 10? How many hundreds of millions of dollars, if not billions, do her officials estimate will be reallocated to debt-servicing costs as a result of the additional debt, higher interest rates and an extended repayment term?

So what got us into this mess? Simply put, a decade of overspending. The government has never lived within its means, increasing its core spending by almost 75 percent in the last decade, almost two and a half times the rate of inflation and population growth. And now we're asked to believe that the government's going to hold the line on spending, that, quote, "Over the five-year plan, core government spending will be limited to an annual average of less than two percent."

The problem with and a prime illustration of just how shaky a house of cards this budget is built upon, is the fact that the same budget promising to hold the line at 2 percent saw a budget increase of over 5 percent. As well, the government committed to Manitobans that they would, quote, negotiate a pause in the public sector wage increases. Once again, we see the results of these efforts with the announcement last Friday of a proposed settlement with the Manitoba Nurses' Union and health-care workers that includes an up-front 2 percent wage premium followed by a 4 percent wage increase in year 3.

It turns out, according to the president of the MNU, that the idea of an up-front 2 percent wage increase or wage payment was from the government. Hardly a true pause, as the minister suggested, and puts in jeopardy her estimates of future expenditures.

On an aside, CFIB continues to express disappointment that this government categorically rejects indexation of the personal income tax system, as almost every other province has done, in order to provide inflationary protection on the incomes of Manitobans, particularly those on low and fixed incomes. Clearly, with the agreement to begin indexing the pensions of all health-care workers, the government gets it. They understand the validity of the policy. Unfortunately, regular taxpayers continue to be ignored, and we see tens of millions of dollars, literally picked out of the pockets of Manitobans through bracket creep.

Now, with the government in negotiations with the MGEU and other unions, the 2 percent up-front payment will become standard. And what is the anticipated cost for all these so-called wage freezes?

Finally, it is worth noting that this bill also eliminates the 40 percent salary reduction for the Premier and ministers that was to occur if the budget was unbalanced for two or more consecutive years. Once again, legislative efforts promoting responsibility for one's actions are only supported until they are required. Then they are quickly papered over with legislative amendments.

I would like to leave this committee with three final thoughts. One half of 1 percent. If the government had reduced its actual spending over the last decade by one half of 1 percent, it would not need today's amendments. Secondly, \$22,500. Assuming I utilize my full 15 minutes here in my 10-minute speech and 5 minutes for Q and A, then,

in that time frame, \$22,500 was not spent on your constituents' priorities, but on debt-servicing costs.

And, finally, \$17 million. That is the money government must find if the key interest rate goes up 1 percent. And yesterday's announcement by the Bank of Canada by a quarter-point interest rate would suggest that we're well on the way for that, and more over the next number of years. Thank you.

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

Mrs. Stefanson: Well, thank you very much, Mr. Martin, for your presentation this evening. And you referred to the global recession and, as we know, relatively speaking, Manitoba fared better than most other jurisdictions in Canada through some—what were some difficult times in other areas. Yet the government has still claimed that this—that these deficits that they plan to run over the five years are deficits of necessity rather than deficits of choice.

Would you see these more as—given what—how Manitoba has fared through this, would you see these deficits in this five-year plan more of necessity or more of choice on the part of the NDP?

Mr. Martin: All government actions are a matter of choice. I mean, the deficit we're talking about, and when we talk about the global recession, I mean, yes, did—was Manitoba hurt? Did businesses hurt? Was government revenues hurt? Absolutely. There's no denying that.

But as the—I think the Premier's comment was that Manitoba was the tallest midget at the circus—I think was the comment that he used. And, recently, Stats Canada information said that Manitoba actually came out second best among all the province out of the recession, second only to Prince Edward Island, and that the recent recession was not, in fact, the worst global recession since World War II, that the recession in the '90s and '80s was actually worse than the most current recession.

So to suggest we need five years of deficit financing for an economic slowdown is simply preposterous and is a choice by government to use that as an excuse for inaction.

Mr. Goertzen: Thank you very much, Mr. Martin, for your presentation this evening.

I believe it was your organization earlier today—and correct me if I'm wrong—who put out statistics on business confidence, and that Manitoba fared quite poorly in comparison to the rest of Canada in terms

of the confidence of small business. And the fact—I think Saskatchewan was very high in terms of the confidence that small-business people had in that province.

Can you relate what you've said today and the concerns you have regarding this legislation and how it might be impacting the confidence of those who are in the small-business community, and what impact that has in the long run for jobs and for those businesses?

Mr. Martin: What the member is referring to is what we call our monthly Business Barometer. It essentially measures a business owner's confidence in their own business going forward. It's important to remember that the Business Barometer is simply just a snapshot in that business owner's month. So we need to look at the—sort of the trends as to what's going on in the Business Barometer.

Unfortunately, in the last two months, Manitoba has been dead last in terms of business confidence, and Saskatchewan, coincidentally, has been No. 1. As we move forward we'll see if—what that trend does and whether or not it's a blip or an anomaly, or whether it's actually a—going to be a permanent feature of optimism or the lack thereof in Manitoba.

But I think business owners get it. I mean, business owners understand the issue of debt. I mean, most business owners started their business through financing, whether it's taking out additional financing on their home—a second mortgage—whether it's borrowing from friends and family. They understand the issue of debt and they understand the issue of deficit.

No business could function as this government is. No business could post these kind of—you know—five years of straight losses without taking a serious hard look at their expenditures and making the hard decisions that need to be made to keep it afloat. It's not surprisingly, then, that businesses are showing that level of pessimism going forward.

And I think on—the flip side of that, though, is, yes, I mean, the government can point to statistics showing, you know, our employment numbers are fairly reasonable. There's some positive news in terms of—I think that we have the lowest business bankruptcies, I believe, nationally.

I mean, so there are good news out there, but how much better could it be if the business community was that much more optimistic? Where

would be if we shared that same level of optimism that Saskatchewan has currently?

Mr. Cliff Cullen (Turtle Mountain): Thank you very much, Mr. Martin, for your presentation, and that 22-thousand-dollar, five-hundred interest payment over 15 minutes is quite a startling statistic.

* (18:40)

This budget also deals with a number of changes to taxes, and a lot of these taxes will directly impact small business. I'm wondering—and you mentioned this off the top—that you are interested in reducing, you know, the regulatory paperwork that your business community is involved in.

Do you see anything positive in this particular budget that would help reduce the paperwork and some of the regulations that your businesses are involved in?

Mr. Martin: Yes, actually the government did make one small announcement. They removed the tax filing requirement for the smallest of businesses. And I forget the exact terminology that they used to define it, but they did remove the tax filing planning requirements for the smallest of businesses, and actually, that was a recommendation that came out of some of our reports.

That being said, though, I mean, that is a pretty minute action to take in a much larger context of what the cost of regulatory burden is on the provincial economy. I mean, every other jurisdiction—and this isn't a left-right thing—I mean, the Liberal government of Ontario is taking action on it, the Progressive—the Conservative government in, sorry, Newfoundland is taking action on it. I mean, the NDP government of Nova Scotia recently put out their progress report on what they're doing in terms of red tape and regulatory reform.

So it's not an issue of ideology; it's an issue of government saying, you know, our resources are limited, we need to do things that get us bang for our buck in reducing—taking a serious look at reducing red tape, and setting goals and targets and measuring the impact is one of those ways. This budget simply doesn't achieve that larger goal.

Ms. Wowchuk: I'd just like to take the opportunity to thank you, Mr. Shannon—Mr. Martin, for your comments. I always find them interesting.

Mr. Chairperson: No further questions for the presenter? Seeing none, thank you very much, Mr. Martin, for your presentation this evening.

Mr. Martin: Thank you very much and have a nice evening.

Mr. Chairperson: Next out-of-town presenter we have listed here this evening is Ernest Muswagon, private citizen.

Mr. Muswagon, good evening, sir. Welcome. Do you have a written presentation?

Mr. Ernest Muswagon (Private Citizen): No.

Mr. Chairperson: No? Please proceed when you're ready, sir.

Mr. Muswagon: Well, I was kind of hoping to be closer to the front of the speaking list as I am from The Pas and have a six-hour drive ahead of me.

So, my name is Ernest Muswagon. I'm from The Pas and I've lived in northern Manitoba for most of my life. And I thank the committee the opportunity to speak, at least give a northern flavour, or at least one perspective from the north, on this bill.

I'd like to speak in favour of this bill, as I see it as an opportunity for Manitoba to stay a leader in providing services and benefits for its citizens. Although the bill could go farther, I certainly am not going to discuss that, as I want to focus on what this bill could provide.

Funding our child-care facilities, providing more spaces, subsidies, would provide our work force with a lot more opportunity to get out there. Some of our women in the community that are somewhat forced to stay home because of it, they're forced to rely on either risking substandard day care or potentially unsafe situations for our young people.

I've got friends back in The Pas, my wife was off work for over a year because of our child-care situation, not being able to find a space that we were comfortable with. So making the choice between working and staying at home and looking after the children is certainly an issue. I've got family, male and female, that decide to stay home so that they're not paying outrageous amounts for child care or the fact that they're on a waiting list for three years. By the time that happens, their children are school-ready or at least preschool-ready.

So when we're looking at child care, we need to provide wages, adequate wages, for those who've chosen to care for our young. We need to provide

spots and availability and get rid of the wait list for that. And I believe that spending is one of the ways to go there and, of course, infrastructure and everything else, which I'll get to later.

Increasing the training for medical staff, nurses and doctors—coming from the north, I think it's inadequate that rolling into one of the largest communities in the north and having to be flown out for an appendectomy is unnecessary. It's certainly unreasonable. And I speak from experience, where I had to fly from Thompson to The Pas just to receive a life-saving appendectomy.

So, when you're looking at medical staff, nurses and doctors, you know, we're in a nursing issue for a reason, from a previous government. We need to look at the health and wellness of our elders, of our young people, of our working class. We need to look at northern communities and rural communities for family doctors and general practitioners. I don't have a family doctor. I'm 37 years old. I luckily—knock on wood—don't need a doctor, but who knows? In the next few years, it might happen.

So, when we're looking at those types of services that we're looking for as a community member, I look to the government to make the right choices. And a balanced budget legislation, to me, is not the right choice.

We look for support for our post-secondary institutions. I'm a graduate of the University of Winnipeg. I've attended the University of Manitoba. I've done presentations in work to university students. A lot of people that I know go to University College of the North. Those types of things are necessary in order to keep our young people here, keep our tuition low. We don't want young people leaving our communities, leaving our—the north and then, of course, coming back without the education and the goals that they've set for themselves. So when you're looking at graduation rates, how many young people want to go to post-secondary if they're not able to afford it? Where would they go? If we don't have the proper instructors or the professors in those university and colleges, then what are we producing for our communities? So we need to look at support for our post-secondary institutions.

We need to look at job creation on infrastructure projects. We need to look at our highways and our roads and start generating some—jump-start the economy in regards to getting stuff built, getting stuff done. I travel Highway 6 on a regular basis for both pleasure and work, coming down to visit my

ailing mother on every second weekend so that I can spend the time with her, because there's no adequate health-care facilities in the north for her—or in my home community of Norway House.

So when we're looking at the reasons why I've come here to speak is not only, you know—I wish I was here to debate some of my previous speakers' points, but I'm certainly not going to waste everyone's time doing that.

So what happens if this bill doesn't pass? We become a province that's potentially forced to have a mediocre services for its citizens. It's going to take longer to get out of this economic situation. We can't be putting our investments—health, education, training—at risk. We need to be able to provide those in the future and, of course, the bill is looking at a five-year plan.

We need to at least give our government an opportunity to go forward. Every other jurisdiction in the country is looking at a deficit. Not that I want to say we need to follow suit of other jurisdictions, but we need to be able to allow our government, our chosen government, a chance to govern properly, and if that means to spend on necessity, then so be it. I think we need to move forward and give our government a chance to do that, so I'm certainly in favour of this bill.

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

Questions for the presenter?

Mrs. Stefanson: Thank you, Mr. Muswagon, for your presentation this evening and for making the trek down here from The Pas and for being here and expressing your views. It's very important to be able to do that, and so thank you for coming tonight.

Mr. Muswagon, are you aware of the fact that the government has cut services to children with autism, with special needs, and children with hearing impairment over the last little while in this budget and others, and—while at the same time, they're introducing a bill here that's actually protecting their own salaries? Do you believe that that's appropriate when they are cutting services to children with those special needs?

Mr. Muswagon: Well, under the assumption that they're protecting their own salaries, they're here to do a job, and quite honestly, if it's just their salaries that they're looking at, I don't believe that's the case.

* (18:50)

In regards to the funding of those services, I'd need to have the bigger picture in order to make a substantial comment or answer that question. It would all depend on the information, which I don't have, and if you have, then I'll certainly provide my e-mail address and you can let me know and make that decision. Unfortunately, it still isn't going to sway my view on being in favour of the bill.

Hon. Jon Gerrard (River Heights): Thank you, Ernest, for coming down and presenting.

I just want to follow up on a couple of the points that you raised. One was that you've not been able to get a family doctor. Is that because there's a shortage of family doctors in The Pas?

Mr. Muswagon: There's potential opportunities to have a—family doctors, like, there's five of them that I've been given recently in order for my children and myself and my wife, and three of the five that I've contacted successfully to date are not accepting any. The last two, I haven't had a chance to have a conversation in regards to getting one. I haven't had a family doctor since mine died in 1986, and it's just been walk-in clinics and walk-in clinics, when necessary. So there potentially is a shortage.

I know there's a lot of people that don't have a family doctor and they're—like, my mom's been trying for 10 years, but because of her conditions—and I pluralize conditions—there's not a family doctor that's—that feels capable to address all those concerns. So she's bounced from doctor to doctor, specialist to specialist. And that's here in the city, that's not up north.

Mr. Gerrard: Just a follow-up, because you'd mentioned that there wasn't a facility in The Pas or in the north that could look after your mother. I mean, that's surprising.

Mr. Muswagon: Again, there's—like, I'm from Norway House, a community of about 6,500 people. There is an elder home there in regards to servicing clients. The unfortunate thing is a BiPAP machine is not available in that particular institution. The specialist that she needs to—for her heart and her diabetes—and I can go on and on and on. And then, of course, the doctors—if something does happen, there's no doctors in Norway House. So how—you know, we might as well be writing a—writing her death sentence for her. So we've got no choice but to bring her and, essentially, leave her alone in the city with very few family members and even less friends.

Mr. Cullen: Thank you very much for your presentation. And, in your presentation, you mentioned other jurisdictions, and I'm thinking other provincial jurisdictions. And we may be a little unique in Manitoba, where, of the last few years and the relatively good economic times, we've actually increased our debt here in the province of Manitoba so that we, as Manitobans, owe in the neighbourhood of, you know, \$21 billion, whereas other provinces have taken the good times and actually paid down their debt. And as, you know, Mr. Martin alluded to earlier, we're paying in the neighbourhood of \$800 million in interest payments.

Does it concern you that we, as a province, are carrying more debt than the province of Saskatchewan and Alberta combined, and that, you know, we obviously have to pay that debt off at some point in time?

Mr. Muswagon: Well, it's funny you say Alberta, considering they're—they've had the boom there for several number of years where they've had the money to pay down their debt. Saskatchewan, I don't follow them, except for the Riders, and I cheer against them every single time.

But, when you're looking at—even though I'm closer to the border now than I was a few years ago—but when you're looking at the budget itself, I'm no economist and it's certainly not my background but, as a citizen, I would think that the services that we're—the government is supposed to provide for its citizens should be at the top of their priority list in regards to everything else. If the budget—if the deficit is growing, then I would need to, you know, be taken through why it's growing and be explained why. And I don't think anyone at the table would have the time or the patience to take me through that type of math.

I certainly trust the government. If they continue to go against what the population of Manitoba is expecting, then, obviously, election day in 2011 will determine that. But, up until now, the population and people that I know myself have voted for this particular government, and, as long as they're doing a job that's more than satisfactory, in my opinion, it should be—they should be continued or allowed to run the government as they see, and, unfortunately, they're the experts, they're the ones that's been elected to the—given the task, and it's a large task.

Mr. Chairperson: Any questions?

Ms. Wowchuk: Mr. Muswagon, thank you so much for making the trip to Winnipeg to make this

presentation. I hope you had the opportunity to see your mother while you were here and I thank you for sharing some of the challenges, because there are indeed challenges. And I just want to share with you that since we have taken office our debt-to-GDP has improved and I also want you to know that, in fact, we have increased funding for special needs and, in particular, have introduced a special program for autistic children. So thank you very much, and travel safe.

Mr. Chairperson: Thank you very much for your presentation, Mr. Muswagon. Be safe on the way home.

Next out-of-town presenter we have listed is Randy Porter, private citizen. Is Randy Porter—

Good evening, sir. Welcome. Do you have a written presentation?

Mr. Randy Porter (Private Citizen): I do, but I only got about eight or nine copies, so I'll have to make some more.

Mr. Chairperson: Yes, we'll take care of that for you and then we'll distribute it to committee members, and please proceed when you're ready.

Mr. Porter: Thank you. My name is Randy Porter and I'm from Portage la Prairie. I want to thank the committee for the opportunity to speak to you today about Bill 31. I'm here today to speak in favour of the Bill 31 as I believe it's necessary not only to keep our economy going, but also to provide the services we as Manitobans depend on. Although I'm speaking in favour of this bill, I do not believe that it goes far enough and I would be happier if we did not have balanced budget legislation at all because it stops government from doing their job which is to spend in the lean times, and I remember you speaking about it earlier, and to allow the private sector to do their job in the good years. That does not mean I'm a proponent of spending beyond our means. But we elect a government to run our province. We need to allow them to run it, and if they don't do it right, then we get rid of them through the election process. But not allowing them to do what they know they need to do because their hands are tied is like hiring someone to run a store with no supplies or the key to the till. If you don't trust them with the keys to the till, you should not have hired them in the first place.

I believe balanced budget legislation was put in place by one government to put another government—or to stop another government from succeeding. Look at what happened if Duff did not build his

ditch, you know. We have some recent scenarios around that. If he didn't have the foresight to go and spend some money, we'd be in a lot of trouble. Not to mention if we didn't look at our forefathers after the Second World War—if they didn't go into debt, where would we be today?

So there's a lot of examples of where government stuck their neck out and did what was necessary for the people of the province to improve their future. We need to allow governments not only to plan for our future but to invest in our future. That's why I'm in support of Bill 31. We need to allow the government of Manitoba to implement a five-year recovery plan to protect things that are important to Manitobans such as myself and my children, like health care, education, justice, and child services. If this bill is not passed, it would lead to severe cuts in the public services, tax increases and cancelled plans for much-needed infrastructure.

Bill 31 is a fiscally responsible plan necessary to keep Manitoba competitive and running on all cylinders. Like most of the other provinces projecting deficits—Saskatchewan at 622 million, Alberta at 4.7 billion, B.C. at 1.7 billion and Ontario at 19.7 billion—we need to plan for the future. Some of the things we have been invested in previously would be placed at risk. How much money have we spent in recruiting doctors and nurses to improve our medical system, funding for additional police officers, firefighters and paramedics who protect our loved ones, money for our schools, universities and colleges. We currently enjoy the third lowest fees in the country, and I have a son in university and a daughter starting. There's no way I want to see them in a situation where they can't stay in this province to go to school and, furthermore, to stay here and work.

* (19:00)

How will we get ourselves out of it if we don't have people here, you know, trained professionals to do the job? Work on our highway improvements that we all know are in need of repair and would be at risk if this bill was not approved. Investments in hundreds of safe, new, high-quality child-care spaces would be at risk as studies have shown these kind of investments in our future pay off many times over.

So all the improvements made over the recent years could be in jeopardy if Bill 31 is not passed. For proponents of balanced budget legislation, this legislation calls for a return to balance budgets in 2014 while allowing modifications which would prevent serious problems for Manitobans.

McFadyen's Conservatives would ask the government to absorb the effects of the global recession all at once, but this is not the responsible plan or would be in the best interest of the future of Manitoba or would—or we would not be doing our part as Canadians, participating in the economy.

So to sum up the position, although I don't agree that Bill 31 goes far as I'd like to see it go, because it does not remove the balanced budget legislation completely, it is a responsible approach to keeping our province and our economy functioning smoothly. Thanks for your time, and listening.

Mr. Chairperson: Thank you very much for your presentation this evening, Mr. Porter.

Questions of the presenter?

Ms. Wowchuk: Well, if there aren't any questions, Mr. Porter, I would like to thank you for driving in from Portage this evening and for sharing your thoughts and wishing your children well in university.

Mr. Chairperson: Thank you very much, Mr. Porter, for coming out this evening. Have a safe journey home, and we'll distribute your presentation to committee members.

Next out-of-town presenter we have is Sean Palsson, private citizen. Sean Palsson.

Good evening, sir. Welcome. Do you have a written presentation?

Mr. Sean Palsson (Private Citizen): No, this is my personal notes.

Mr. Chairperson: Okay, then please proceed when you're ready, sir.

Mr. Palsson: Okay. First of all, I'd like to thank you, Mr. Chair, and for—to the committee for giving me a chance to speak my mind here tonight.

I came here today to speak out in support of the move to amend the balanced budget legislation. The whole country and, in fact, most of the world has been rocked by the biggest economic downturn in decades. Manitoba is not an island unto itself and we, too, have been affected by this latest recession.

All the provinces and even the federal government are projecting deficits for this year. It is unrealistic to think that Manitoba would somehow be immune to the same economic realities that have caused everyone else to go into the red. If we attempt to absorb the full impact of this recession in one

year, instead of spreading out the cost over a number of years, like other provinces are doing, it will come at a great cost to the citizens of Manitoba.

A recession is neither the time to raise taxes nor to slash the social safety net that is in place to support people during times of need. It is precisely in times like this that the government needs to step up and stimulate the economy, keep people working, especially on public infrastructure projects, and to invest in education and training. When the economy starts picking up, our society will benefit from a better educated and more qualified work force.

To benefit from the stimulus project money that's from the federal government, the Province had to match one-third that the feds and the municipalities were providing. To stay in the black, the Manitoba government would have had to say no to many of these projects, causing the Province and the municipality to lose out on that federal money. It would be pretty silly to miss out on what amounts to a 33 percent discount on very expensive infrastructure projects just to satisfy this balanced budget legislation, which does not take into account the realities of this recession.

Amending this legislation is necessary, and we need to get on with it. The deficit is small, relative to the situations in other provinces and in relation to the overall budget. The government has laid out a balanced economic recovery plan that will see us return to a surplus within five years without sacrificing health care, education, justice and child services to do it.

Luckily for Manitobans, McFadyen's Conservatives are not in charge, or we would probably see them using this situation as an excuse to sell off public assets like Manitoba Hydro, the way Filmon did with our telephone system. I really think that it's quite shameful the way the opposition parties are playing politics with this issue and instead of trying to come up with constructive ways to help the people of this province weather the recession. Manitobans are not prepared to put up with the massive layoffs, firing of nurses and the sell-off of our property to private interests, like we saw under the previous Tory government.

We expect our government to maintain important services without selling off our assets, and if that means that we have to run a manageable deficit during tough economic times, then we are prepared to do that. It's like having an overdraft on your chequing account; you try not to use it, but an—

if an emergency arises or an unforeseen expense is incurred, you don't starve your children till payday just to avoid using your overdraft to buy groceries.

In closing, I'd just like to reaffirm my support for Bill 31 and request that it be passed promptly so that the government can get to work on its implementation. Delaying the passage of this bill is not constructive and is detrimental to the people of Manitoba.

Thank you for listening. I appreciate being given this time to express my view on the matter.

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

Questions of the presenter.

Mr. Goertzen: Thank you very much, Mr. Palsson, for coming in this evening and making a presentation to this committee. It is appreciated.

You noted that we're in the largest economic downturn in decades—were the words that you used. You're aware that the—Statistics Canada reported that the growth rate for Canada in the last three months was 6 percent and the previous three months was 4 percent, the highest growth rate in—since 1999, and, as a result of that growth, they increased the interest rates by a quarter percent to try to manage that growth. How does that square with your assertion that this is the—or the worst economic downturn in decades? And if you believe that, is Manitoba doing that much worse than the rest of Canada that has seen the highest growth in the last 10 years over the last three months?

Mr. Palsson: Well, for one thing, I would say that part of the reason why we're getting the economic growth is because of the stimulus funding and because we have been running deficits so that the government has been stepping up to the plate.

As you know, the Conservative government in Ottawa has \$56 billion in debt because they have been spending the money. They're—kind of had their arms twisted to do it, but they did come and they have been—the government has been stepping up to the plate and working on stimulus projects to get people working, and that, of course, is going to—is what we're asking for here in the province of Manitoba is the same thing, is that we shouldn't pull back all the money when we're in a recession because then we wouldn't see this growth that we're seeing right now.

Mr. Goertzen: So you're acknowledging, then, that the federal stimulus package has got us past the recession. That's sort of what Statistics Canada is saying, over the last six months. If that's the case, what, then, is the rationale for a five-year outlook for deficit spending, when we have to increase interest rates right now to control the growth of the economy?

Mr. Palsson: Well, like I said in my notes—or when I was speaking before—is that the plan is to space out the repayment of the deficit over five years instead of trying to absorb the full costs of this recession over one year and having to slash programs and cut back on government spending, which would actually hurt the economic growth that we're seeing right now and see it go back. You know, like, we don't want that to happen. We want this growth to continue. That's supposed to be a good thing, I thought.

Mr. Gerrard: One of the things that you said in your presentation is that if this bill is not passed, it would lead to severe cuts in public services, tax increases and cancelled plans for much-needed infrastructure.

Now, I mean, first of all, the existing balanced budget legislation doesn't forbid a government from balancing—from running a deficit. It just requires that you call a deficit a deficit—or at least the original one—and that if a government runs a deficit it requires that the minister's salary be reduced by a certain proportion. It doesn't restrict what the government would actually do, right? And it doesn't do anything to indicate, you know, how wisely or not the money is spent. I mean, governments can spend inefficiently or they can spend efficiently. They can spend wisely or unwisely. You can spend in a way so that you've got plenty of family doctors in The Pas or you can spend the same money in a way that you don't have family doctors for people in The Pas.

So I think you need to be a little more careful in how you present this. I mean, I think you presented a lot of it well, but I think that there are some things that, if you look at it carefully, that, you know, all that this bill does is change, for the second time, balanced budget legislation. And in the last year, for example, we've seen a deficit of more than 500 million, and the government, because of the way that the balanced budget was changed a couple of years ago, it calls that a balanced budget.

* (19:10)

Well, I mean, you can be honest or you can be not honest with—about whether you've got a balanced budget or not, but there are some things in terms of this legislation which you need to look at more carefully, because it doesn't limit what governments can do. It just says that if you run deficits, you know, your ministers will not be earning quite as much salaries. Okay?

Mr. Chairperson: Mr. Palsson, do you wish to comment, sir?

Mr. Palsson: No. I accept his comments. I'm not—I haven't, I guess, don't have as—maybe as full knowledge of this—of the wording of the bill as maybe the member does. But the way I understand it, is that for the—in the—within the balanced budget legislation that you have—cannot, like, you have to be in the black, or you have to have a balanced budget.

So if you—in order—if we don't—can't change the balanced budget legislation, then we would have to come up with all of that 500 million out of this year's budget, which would mean that we'd have to cut somewhere. And where is that—where are those cuts going to come from?

And I don't think that in a economic downturn, I guess, you want to start cutting services to people. And I don't think that the voters in Manitoba would like to see that. I think that if you talk to people in the coffee shops and around the province, you will see that people would much rather see the Province run a small manageable deficit than start cutting doctors and nurses from the hospitals in the small towns around Manitoba.

Ms. Wowchuk: Well, thank you very much, Mr. Palsson, for your presentation and for sharing your thoughts on what the Province should be doing and the importance of the stimulus package that's being offered by both levels of government. Thank you very much.

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

The next out-of-town presenter we have listed is Sandra Pruden, private citizen. Is Sandra Pruden in the audience? Please, come forward. Sandra Pruden? Sandra Pruden name will drop to the bottom of the list.

Next out-of-town presenter we have listed is Gerald Curle—I hope I pronounced that right—private citizen. Gerald Curle? Gerald Curle's name will be dropped to the bottom of the list.

Next out-of-town presenter we have is Ross Martin, private citizen. Ross Martin? Ross Martin is not with us this evening. His name will be dropped to the bottom of the list.

Next out-of-town presenter we have listed is Pat Bowslaugh, private citizen.

Good evening, ma'am. Do you have a written presentation?

Ms. Pat Bowslaugh (Private Citizen): Yes, I do.

Mr. Chairperson: Did you wish to have copies distributed to committee members or help with photocopy?

Ms. Bowslaugh: I have them ready.

Mr. Chairperson: Okay. Just give us a moment and we'll distribute, then I'll give you the signal to proceed.

Please proceed, Ms. Bowslaugh.

Ms. Bowslaugh: Actually, before I begin, I would offer my apologies, because what you're getting is not a full account of what I'm about to say.

I found out at about 11 o'clock this morning that this event was on and I wanted to bring a couple of reflections, and I have to confess that between 11 o'clock and leaving at 3 o'clock to get here in time, I did not—allow me for what I would like to have done.

So, thank you, Mr. Chair. Good evening, honourable members of the Legislature and guests. My name is Pat Bowslaugh, and although I speak tonight as a private citizen, you may know that I have been here before in other capacities, none of which I formally represent tonight, and I want to make that abundantly clear.

I come to speak on Bill 31, and I thank you for this opportunity because I—the document which I did have a quick look at this afternoon is, indeed, interesting in content, but I only want to focus on two points.

The first point: We are all aware of the economic situation of our country, and although citizens of Manitoba were led to believe by messages from the government that Manitoba appeared to have escaped the economic downturn relatively unscathed, we then had murmurs that this was not totally factual. The fact, I'm led to believe now, is that the debt we predict—is predicted to be increased by almost 2.5 billion since 2009.

I need to share that when I was growing up—and I need to share that my father came to this country as a young lad and started farming—it was our family's goal to always try to be out of debt. And so, I obviously have that bias that was ingrained into me from childhood, because as marginal farmers we worked really hard as a family to try and achieve that goal.

So, it was to the credit of government that The Balanced Budget, Fiscal Management and Taxpayer Accountability Act was put in place, in my opinion. However, it is most interesting that this act, through Bill 31, now negates several of the areas of focus.

The first area I'd like to talk about is kind of backhanded in a way. One of these amendments reads: The cost of living increases for MLA salaries are suspended for the current fiscal year and the next fiscal year, and that's a quote that I got from the actual act on the Internet.

My comments on this undoubtedly are going to surprise you, for you are looking at a person who taught over a period of 39 years and who paid for what we believed would be a full COLA and then upon retirement counted on a full COLA based on the consumer price index. I retired in 1999, and today my dollar value—otherwise known as my purchasing power—has sunk to an all-time low of 88.9 cents. So you know where this is headed in the future.

As a retired teacher, I ask if you have done the math on your move to eliminate the COLA for two years. I need to tell you that the impact is cumulative for the rest of your life. This includes the actual cash in hand for the next two years, but also includes the calculation of your pension for the rest of your life. If you are not aware of this, ask anyone who has retired whose pension benefits do not address the consumer price index via the cost of living adjustment.

Thus, I wonder at your little child-in-the-sandbox syndrome. If you do not recall the game, you may have witnessed same, whereby the children in the sandbox make up the rules and reserve the right to change them. Sometimes these rules are not fair. For example, there are different rules for different people and sometimes the rules show disrespect in that some people are left out completely. Most times, the players make rules to look good, as in the potential for this amendment in Bill 31. Sometimes the rules backfire and the players become victims. This may be the case this time, and thus I say: Be careful how you play in the sandbox.

Just ask any retired and pensioned person who has experienced the impact of no COLA. Some of you were here to hear the 94 retired teachers—and I believe it was in this very room, on four different sittings—out of all the teachers that had signed up, for there were 400 retirees who had signed up to speak on that Bill 45, and they told some really gut-wrenching stories because of that lack of a COLA.

* (19:20)

The second point that I would like to talk about just briefly is I also plead your attention to the tax situation in Manitoba. At Honourable Rosann Wowchuk's visit throughout the province for budget deliberations, at her stop in Brandon, I asked why this province has to have one of the highest tax rates in Canada—and I think you probably remember me asking that. I did not receive a really substantial answer, but what has evolved since then in terms of personal income tax rates, additional taxes on goods and services, and expenditures such as the Bipole III going down the western part of the province, has equated into humungous expenditures.

This government monitored the impact—or, I'm sorry, I'm asking if this government has really monitored or thought about the impact of the stress and concern that this has on the health of citizens throughout the province when they worry about these monumental expenditures.

Yes, back to the COLA. It is interesting that the elimination of COLA for MLAs, the value of which I was not able to find documentation about but which I would predict to be a pittance, an absolute pittance, compared to the reality of our deficit. So, please, I ask you, please do not use this as a public-pleasing ploy because it does have real ramifications.

So you may wonder why I would drive in from Brandon to deliver this message. Well, my philosophy has always been that ignorance of potential impact is a reality once the situation is personally experienced. I also believe very strongly in the golden rule: Do unto others as you would have them do unto you. I bring you this reflection hoping that you, the members who make up government of Manitoba, would embrace fairness and equity amongst the groups over which you have jurisdiction, including yourselves. This has not been happening, so please consider it as a possibility before you end up with an 88.9-cent purchasing dollar.

Merci beaucoup.

Mr. Chairperson: Thank you, Ms. Bowslaugh, for your presentation this evening.

Questions for the presenter?

Mr. Cullen: Thank you very much, Ms. Bowslaugh, for driving in from Brandon and making the trip tonight. We do appreciate your insight, and you raise some very interesting ideas there and we certainly won't have time to expand on them all, but—and I do want to just compliment you on your years of public service as a teacher, and that's where I want to base my question tonight.

I know you're not here representing TRAF, and I'm going to just seek your personal opinion. In essence, what this document is doing, this particular bill, is it's protecting the salaries of the 19 Cabinet ministers, is what it's doing. And I guess my question to you: Are you concerned about the government priorities here? Because we know—and I read the TRAF report last week that it came out and, quite frankly, it's not a very rosy picture when we're looking at teachers' retirement into the future. And there's going to have to be some hard decisions made in terms of the teachers' pension plan. But clearly the government is, with this legislation, protecting their salary.

Are you concerned about what priorities this government has?

Ms. Bowslaugh: Thank you, Mr. Cullen. Yes, actually I am concerned about priorities because I felt over the years when I came representing—officially representing Retired Teachers' Association of Manitoba, otherwise known as RTAM, that probably we were not being considered. In fact, at one point, one of the ministers said, who is, or what is, RTAM anyway? And that's pretty much entrenched in my mind because that comment—and I see Mrs. Stefanson acknowledging, remembering that comment too.

We are a group of 7,600 members of the 11,000—almost 12,000 retirees in the province of Manitoba, and I think that—I'll say it again. I've said it before from a podium in this room, that when I started teaching, my total salary was 29 hundred—hundred—dollars for the entire year. So there were many people who were earning that kind of wage year after year after year with slight increments, and probably retired when their salary may have reached maybe 30,000. So, today, what we're worried about are those people whose salaries were so low, who did not have access to the education that some of the

previous speakers have spoken about and, therefore, gave of themselves and yet ended up with this pittance of a pension, counting on a full COLA. And when they didn't get the full COLA, you heard, some of you, in this room, people saying, I'm losing my house; I can't afford to keep it; I have to move to a smaller apartment. One person stood and said, my whole pension is going to buy drugs for my husband so that he can survive, because it—the Manitoba drug—pharmaceutical does not cover this—the drugs that he needs.

So there have been some heartbreaking stories, and I don't know if I've focussed exactly on your point, but the point that I want to make as an offshoot is that we do have concerns for some of our members and we would hope that the government—I know that there's a 10-year plan in place, but it certainly is not answering the questions. And when Mr. Sale stood before us at one of our meetings and said, look, you know, we're—two-thirds is the maximum, but it's not a guarantee, well, we have never even reached anything close to two-thirds.

I think I quoted, when I spoke on another bill earlier this year that there were people who were receiving \$2.60 for a COLA, which will do nothing when water goes up, hydro goes up, taxes go up. The people in Brandon are screaming about taxes, and I know that some of our retirees will be—they're being victimized, really, by the tax situation.

So, thank you.

Mr. Gerrard: Thank you for coming back and giving us some advice and some follow-up on the situation of retired teachers. I think it's very unfortunate that when you had been promised a full COLA that you're not getting it and that, you know, for you who've got—whose dollar has sunk to 89 cents and to others and recognizing that there's quite a number of people who have pensions based on the much lower earnings of earlier years, that the gut-wrenching stories that you talked about are real. And, you know, I think that there are certain areas of budgeting that you need to do in a way that you fulfil the commitments that you made.

And, you know, this is an interesting bill because it changes some of the commitments in various different ways that have been made earlier on, and that's one of things which troubles many people is that, you know, when you make a commitment you should follow through in the case of your commitment, and that when you've got a

commitment in another area, instead of changing the rules around budget—balanced budget legislation, you know, in the middle of a budget cycle, that you should at least follow through with the commitments as they were.

Maybe you'd comment.

Ms. Bowslaugh: Thank you, Dr. Gerrard. Actually, you're right. It was quite a shock; it happened the year that I happened to retire so I've lived with it for the past 11 years. But some of the people have lived in situations where they—their salary was much lower than mine. I was, you know, very fortunate and I was fortunate that—you know, I mentioned 39 years, and that does not include my current connection with Brandon University where I do teach part-time, which serves to offset that deficit that I would normally have gotten through COLA.

* (19:30)

But the amount of money that is lost—and I really speak seriously to the members—that it is a cumulative effect, because if you get, say, a 20 percent COLA or a 17 percent COLA, which amounts to a pittance when you're talking about what the percentage is of CPI, and I really seriously challenge you to help somebody walk you through the math of that because, actually, when people came for Bill 45 and spoke as they did, there were people—there were MLAs—some of your colleagues, to be exact, colleague—who did a 180 and said, we didn't realize that. We did not know. And, you know, I totally recognize that you are very busy people. You have a ton of paper to go through and to read, and yet the understanding has to be in-depth and over to appreciate, and if this goes through—and I have no qualms about it, in a way, but I think that it's a pittance kind of little Band-Aid that looks good but will impact on you personally, but once it impacts on you personally, after a few years, you will 'repreciate' more what it has done to retired teachers, and I don't say that maliciously. I say it as a point of reality.

Mrs. Stefanson: Yeah, I just want to thank you, Ms. Bowslaugh, for coming all the way from Brandon today. I did have a question but I believe you've answered it already, and I just wanted to take this opportunity to thank you for coming in and to voicing your opinion here at this committee tonight.

Mr. Chairperson: Thank you, Ms. Bowslaugh.

Ms. Wowchuk: I, too, would like to thank you. I appreciate you coming out to the budget

consultations and sharing your thoughts and also giving us advice on this bill, and on previous times that you've been here at the Legislature. I listened with interest when you said that people didn't know what RTAM was and, you know, there's so many acronyms out there right now that sometimes it is very difficult not to be able to recognize what all of them stand for, so thank you very much for driving in from Brandon.

Ms. Bowslaugh: I bet you all know what RTAM stands for now. But, in addition, I—like, I really appreciate this opportunity because I don't want it to sort of fade into the sunset, and that's why I particularly noted it as part of this Bill 31 and thought this was an opportune time to reflect again on what happens, and Mr. Cullen reflected on the huge document that came from TRAF and it will certainly explain a lot of the materials of—or give a lot of material on where we are today, so thank you very much.

Mr. Chairperson: Thank you, Ms. Bowslaugh. Have a safe trip home.

Next out-of-town presenter we have is Ray Sitter, private citizen.

Good evening, Mr. Sitter, do you have a written presentation, sir?

Mr. Ray Sitter (Private Citizen): No, I don't, just my personal notes.

Mr. Chairperson: Please proceed when you're ready, sir.

Mr. Sitter: Honourable members, Chair, thank you for the time you've given to me to speak to you today. I've come from a family as well where the mantra has always been that you want to balance your budget. You want to keep your books squared away. But I will give you this, that I also understand that there's a need. There is good debt and there is bad debt.

Good debt is debt where you can see returns on what you actually invest in. Bad debt is, well, I give you one example that was mentioned before: a long hydro line, longer than it needs to be. I have yet to see justification for something that is of the length it's supposed to be when there is a shorter alternative. To me, that would say you're spending more than you need to spend, and that, to me, is bad debt. Now, I don't want to amplify on that any further because I'm not an economist, and there are others here more

qualified to actually take a look at what is good and what is bad debt.

I want to narrow my comments to the issue of Cabinet ministers' salaries. First of all, let me say that each and every one of us should receive a fair and just pay for our work. No question about it. I can sympathize and empathize with the situation that the government finds itself in. Through no major fault of their own, the economy around the world—the economies around the world have tanked. They have recovered but they did drop drastically.

There can be arguments made that the government has had a hand in worsening this, and we've heard some of those arguments tonight; however, what occurred largely had a genesis far beyond Manitoba borders. Balanced budget legislation was presented, understood, and passed in this Legislature. It spelled out the conditions of pay based on economic conditions in the province plus the host of other issues. Whether the legislation was designed by the current government or by another government, it really doesn't matter because during their term in office, this present government made many changes to that legislation.

Governments of all political stripes since the inception of the legislation have praised it for a variety of different reasons. The portion of the legislation relating to salaries was not amended. I suppose, while times are good, it's really good to get the pat on the back from the public that you're going to be really accountable and you're going to be very, very set on taking the actions that will keep the thing balanced. But when the actual economy goes south and the truth of it is that you have to start living up to the legislation, then what we start to see is people run for the hills in protecting their salaries, legislation and accountability be damned.

Yes, I can sympathize and empathize with the government and the Cabinet ministers. As a retired teacher, too, it is only too well that I can relate to this situation. In the mid-'70s, legislation was passed relating to my pension as a retired teacher. A number of changes were made during that intervening years, but nothing that would maintain my pension value relative to inflation came about. But with each change of government and with each change of legislation, the government was able to praise itself for what it was doing for me.

Then, through no fault of my own, circumstances became such that my pension's buying ability was no longer there. A number of active

teachers declined. The contribution rates of teachers stagnated. The legislation was in the government's control, but no changes were made to aid me in the overcoming inflation or money problems.

I have received a lot of sympathy and empathy from political members from both sides of the House. I can truly tell you that it is easy to sympathize with another's situation. As long as I'm not affected by that situation, I can sympathize, empathize and go home and live normally, as many of you have done. To truly understand the effect of such changes, what such changes mean to me, other retired teachers and other seniors, that can only happen if you experience it as I have done. You need to see what it is truly like before you can truly understand the impact it has. This experience will provide you with a dose of humility. It will provide you with an experience that will allow you to better serve your constituents. It will make you a better legislator and, that is, it will make you people who will understand ordinary people better.

If the legislation is passed, then you stand the risk of appearing, to many people, like self-serving, money-grubbing, platitude-spouting individuals whose greatest constituency is him or herself, and what really applies to all your constituents does not apply to you, that is, legislation can just be implemented to change any negative effects it has on you.

For these reasons, I oppose the passage of Bill 31. You, the government, have allowed yourselves to bask in the praise of the legislation. Now that the legislation has required from you what you never expected to happen, but you should have known that it could happen, you want to change the legislation to protect yourselves. In my opinion, the legislator should be looking after his constituents before looking after themselves. You haven't protected us under the same circumstances. Why should you consider yourselves to be so special and just go in and change the rules?

* (19:40)

We were essentially told: what is written is written. Now you need to apply it to yourselves and your pay as well. Legislation is passed in order to direct and guide people's actions. You are currently taking the position that if your actions don't match the legislation, then you change the legislation. I, in no way wish you ill, but experience is truly the best teacher, and in this particular case, you can think of this as a little bit of tough love.

Thank you.

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

Questions of the presenter?

Mr. Goertzen: Mr. Sitter, I want to thank you not only for coming in but, in particular, for the point that you made most poignantly about the change to the salaries as it relates to the legislation and what that does to this place as an institution. And that's a point that sometimes, I think, has gotten a bit lost through the discussion of the economic issues and whether or not it's good, bad or indifferent in terms of deficits.

Obviously, each political party has different positions on that, and some of the presenters have had different positions on that. But I don't want to get lost. I'm glad you didn't lose the point that sometimes the criticisms that we come under as politicians, and that the institution of the Legislature comes under, are by our own making and by things that we have done. And you've made that clear here today, that this particular piece of legislation, as it relates to the salaries and protecting of the ministers' salaries, does create harm to the reputation of legislators and to the institution. And that might long outlast the implications of the financial ramifications of the bill.

So I appreciate you making that point. I take it to heart; I think it's a good point and it's—I think it extends beyond us as legislators, beyond the 19 members of Cabinet and beyond the 57 members of this Legislature. It's something that we all have to think about in terms of protecting the—respecting the integrity of the democracy that all of us, whether we're elected or not, should be upholding. So that's a very, very good point, and I'm glad you made it as strongly as you did tonight. Thank you very much.

Mr. Chairperson: Mr. Sitter, did you wish to comment?

Mr. Sitter: No. I just thank you very much for the opportunity to speak to you here tonight.

Mr. Chairperson: Any further questions of the presenter?

Mr. Gerrard: I think that the point that you're trying to make is that what the NDP Cabinet ministers are doing is changing the legislation so that instead of a 40 percent drop in their Cabinet ministers' salary, they only get a 20 percent drop. And that that increase in income will, in fact, more than compensate for any cutback in the COLA on the

income on the salaries. So that the NDP Cabinet ministers are going to come out very substantially ahead and are, therefore, pretty self-serving. That's correct?

Mr. Sitter: Absolutely. That's correct.

Ms. Wowchuk: Mr. Sitter, thank you very much for sharing your thoughts on this piece of legislation and for joining us this evening.

Mr. Chairperson: Thank you very much, Mr. Sitter, for coming out this evening. Have a safe journey home.

Mr. Sitter: Thank you.

Mr. Chairperson: That concludes the list of registered out-of-town presenters. Are there other members of the public who are here with us this evening from out of town that may wish to make a presentation at this time? Please stand and be recognized by the Chair if you're here.

Seeing no further individuals from out of town wishing to make a presentation, that will conclude the list of out-of-town presenters, and we'll move to the start of the list. And first person registered is Kevin Rebeck, Manitoba Federation of Labour.

Good evening, Mr. Rebeck, welcome. Do you have a written presentation, sir?

Mr. Kevin Rebeck (Manitoba Federation of Labour): I do. I have 18 copies, though, so I'll need two more.

Mr. Chairperson: Okay. We'll take care of that for you. Just give us a moment to distribute a few of them.

Please proceed, Mr. Rebeck.

Mr. Rebeck: Great. Thank you.

Mr. Chair, committee members, thank you for the opportunity to come speak to you this evening.

I have to say I do like the idea at the beginning of the talk here, about looking at a process that looks at some time frames for speakers. I think that that's a worthy notion to explore, and I know this isn't the place to make that change, but I do hope that that recommendation is followed up in some—the due process to make that change. It would be very helpful for those who wish to speak and for some of us who speak on more than one bill on occasion.

The Manitoba Federation of Labour is pleased to present its views on Bill 31 to the committee this

evening. Some of you may not be familiar with the federation and its work on behalf of the 96,000 working men and women who belong to our affiliated unions. We represent the interests of these individuals in matters where a common voice is required to address issues of mutual interest, including our relations with the different levels of government in Manitoba.

Bill 31 is described by Finance Minister Rosann Wowchuk as a necessary step to allow the government to implement the economic recovery plan that was described in the most recent budget speech. As such, we support its passage since the current economic conditions, a strange mixture of steady recovery and wild developments.

I refer to the recent flash crash experienced on May 6 when U.S. corporate stocks suddenly crashed and almost immediately rebounded. It was the second largest point swing and largest ever one-day point decline in the history of the Dow Jones Industrial Average. Temporarily, more than \$1 trillion of market value disappeared. Just why this occurred is yet to be fully understood, but for our purposes, it illustrates how volatile the world economy remains to be and demonstrates the need for a steady government hand on the Manitoban economy to make sure our recovery remains on track.

By that, we mean protecting jobs and creating more for workers who are without jobs. We mean ensuring the health-care and education systems are protected. It means putting in place the training, public protection and social supports for vulnerable families that were described in the budget speech. If that's what Bill 31 can contribute to, then we support its passage.

As Minister Wowchuk stated in her speech, managing the effects of the global recession over five years, instead of absorbing them all in one year, restores financial balance and gives Manitobans the assurances that front-line services will be protected. This, in comparison with the existing legislative terms, makes complete sense.

The minister's statement, more than anything else in the material released with the distribution of Bill 31, confirms the reservations that organized labour and the MFL have had about balanced budget legislation since it was enacted. The fact that this government would have to pass Bill 31 in order to do what any reasonable person expects their

government to be able to do without passing a new law 'underscaws' the need for reform in this law.

On the occasions that we've had the talk to this Legislature about balanced budget legislation, we've restated our objections to its provisions. They handcuff governments of any political stripe by putting roadblocks in the way of the ability to govern the province according to their mandate. And any government's mandate is and should be to do the best job it can to preserve the things that Manitobans have built up and quickly meet any challenge that weren't apparent on election day.

Of course, we subscribe to the practice of eliminating deficit and debt when it can be done without harming the economic circumstances of Manitobans. We also believe that when governments need to incur deficit and debt to meet challenges that are thrust upon them that they ought to be able to do so without being unreasonably constrained.

We regret that even if Bill 31 is passed by the government intact, it maintains unacceptable elements. Bill 31 preserves the pressure placed on the government by balanced budget legislation by forcing it into self-imposed balanced book provisions, in this case no later than 2014.

What if there are more May 6th dates lurking in the future, more Greek budget crisis, more trillion-dollar interventions by the European community? These are all events that occurred in recent weeks that were unforeseen when the minister made her budget speech. Instead of being able to react quickly and efficiently and effectively, the government may second-guess itself or take measures reluctantly, all the time focussing and assessing every political cost that will flow from even this bill.

* (19:50)

These are an actions of a government that have to contend with measures put in place by a previous government to make sure that there would be a political cost paid by future governments if they deviated from the course put on them 15 years ago.

How is a government distracted by legislative political optics better than a government focussed on the good and welfare of Manitobans? It simply isn't.

The material circulated with this bill states that debt repayments requirements, under the balanced budget act, will not only be met but exceeded by using \$600 million from the Fiscal Stabilization

Fund. Wouldn't it be more prudent to keep all or part of the 600 million in the stabilization fund in case our fragile economic recovery is disturbed by other unforeseen circumstances that occur literally anywhere in the world? Of course, it would be, but that's not what's going to happen. The payment will be made on time, in the full amount, to satisfy political optics instead of good public policy.

Bill 31 contains a provision to cut ministerial salaries by 20 percent during this recovery period, a relatively minor reduction to the total budget that we're looking at, a token really, but minor, that is, in comparison to the two-year wage freeze the government's forcing public sector workers to accept, some of whom are paid less than \$20 an hour. Look, public sector workers get it. They know these aren't usual times and that unusual measures will be needed to get through them. But they also know that imposed measures that aren't tested by the bargaining process and, perhaps, coming up with a better plan, is offensive and ineffective.

That's what happened in the '90s and we haven't forgotten the injustices and uneven results that that yielded. This year, when this wage issue is raised at the bargaining table, it will be under a cloud of widely reported public statements that they better be accepted or they'll be imposed, and that's not good-faith bargaining.

What is good-faith bargaining is what recently happened with the nurses, and we're glad to see a settlement that got worked out and got to address concerns raised by both parties that came to a way that worked for folks. Imposed or coerced across-the-board wage settlements are not just because they don't have a common impact on the workplace. Not everyone has the same ability to deal with the impact of a freeze. That's why there has to be a good-faith negotiated process that leads to a mutually acceptable result.

This bill also keeps in place the single greatest barrier a government has of having control of its economic agenda, and that's the need to test taxation policy with a referendum before it's implemented.

When a government's elected, that's the referendum that gives a government its mandate to govern in the best interest of Manitobans. That is the referendum that counts in a democratic system. Forcing a government to hold a province-wide referendum every time it needs to take a measure that it judges as necessary, to put us—puts us in a continual election campaign. A government is

elected to office because more voters prefer its strategy over the alternatives and that government should be allowed to govern.

Taken as a whole, balanced budget legislation imposes unreasonable political restraints on any government. It distracts them from focussing on the task at hand, when they should be encouraged to focus on formulating sound public policy. This is why the Manitoba Federation of Labour has opposed balanced budget legislation since it was first enacted and why we will continue to oppose it. Thank you.

Mr. Chairperson: Thank you, Mr. Rebeck, for your presentation, sir.

Questions for the presenter?

Mr. Gerrard: Yeah, there's a—one of the things which is a little bit of concern, right, is the sense that we're hearing that the existing or even the modified—under the NDP—balanced budget legislation, puts—forces the government to balance the budget. It doesn't force you to balance the budget. It just says, if you don't balance the budget, you know, we'll drop part of your ministerial salary, not your regular salary that you get as an MP—MLA.

And so governments can make a choice in terms of what's most important in terms of the public welfare or they can opt to save some of their own salary. And one would hope that governments would, you know, not feel constrained in supporting the public welfare rather than, you know, trying to protect their own salary. But, I mean, there are some governments which may decide that they're going to protect their own salary rather than advancing the public welfare. But I think it is important to understand that the, you know, the past and, in fact, the modified balanced budget legislation does not say that a government has to balance the budget. It only says that you—if you don't balance a budget that, you know, you will drop your salary a little bit.

Mr. Rebeck: Yeah, well, and I think that that's a ridiculous part of the existing balanced budget legislation and that the 20 percent piece is a ridiculous part of this one. I mean, there are no other acts that we have in place in government that make that requirement and penalty. The public accountability that's in place for government is at election time. Frankly, but—and you're right, it doesn't require you to balance the book; it requires you to make choices that you should be making in the public good. But it also restricts your ability to tax. It restricts your ability to do anything on the

revenue side, so it forces you into a decision of, look, do we do cuts to programs and services so that we can protect our salaries? That shouldn't be the measure, and that's not the test, and that's what's the reason for the bill today is, because that's a ridiculous test to pit that question against. We should be able to protect the public good. We were out—people were elected to do that job. You were elected to do that job, and to do so means making some tough decisions. And we shouldn't be constrained by things like having to do a referendum to be able to have proper tax policy. We shouldn't be forced into making those choices. What we should be able to do is be realistic. You know, if your furnace blows at home like mine did this winter, that wasn't in my budget to replace. It was—\$4,500 is what I had to pay to do that, and I took on that debt, and we'll pay it off and we'll work to it. It wasn't part of the plan, but things happen. You know, if you want to buy a new, better home, you take on more debt. You invest in your future, and government needs to be able to do that. And this balanced budget legislation seems to be just a fear, or a fearmongering of any kind of debt.

Mr. Stuart Briese (Ste. Rose): Thank you for your presentation, Mr. Rebeck. I think, probably when the furnace blew, you maybe needed the stabilization fund around there, but I was interested in your comments about the stabilization fund, and you commented that probably it shouldn't be touched. I'm just wondering what your definition is of a stabilization fund. That's exactly what it's for, I think, is when there's a downturn in the economy.

Floor Comment: Well, I don't think it should be called—

Mr. Chairperson: Mr. Rebeck.

Mr. Rebeck: Oh, sorry. Thank you. I don't think it should all be used up. Certainly, using some of that now is good, but I'd hate to see it all drained, and the reason it would need to be all drained is to be able to find a way to do that balance without having the ability to look at proper taxation, without having the ability—with the driving decision-making be that we've got to look at finding a way to balance the book because we have one piece of legislation here that puts that requirement, and that there's all kinds of great public optics that political pressures can put on play if a government doesn't do that. And they just missed the boat with reality for working people and how they find creative ways to work their books and to make things work for the future that don't always mean they balance every year.

Mr. Briese: I would submit that probably after 10 years of pretty good economies, there maybe should have been a little more in the Fiscal Stabilization Fund.

One of the things that quite a few people seem to be missing is that there is growth in the economy this year. We're projecting growth in this province at 2 and a half to 3 percent. I don't know what other people's definition of a recession is, but that certainly isn't my definition of a recession. What we're doing is outspending the growth in the province, and I wonder if you—I've heard you say that we want to do that spending to create certain things and to make certain things happen, but I think along with that maybe goes some efficiencies on the other side of the ledger that I think—I don't care where you are or whether it's your own business or your own operation, I think there should be some efficiencies that could be gained in other areas. And that's not necessarily job loss or infrastructure loss, but there's efficiencies in how things are done. And I'd like to hear you comment a little bit on that issue.

Floor Comment: I'd love to –

Mr. Chairperson: Mr. Rebeck.

Mr. Rebeck: Oh, sorry. I'd love to comment on that issue, and I love that you used the word "efficiencies," because it always sounds so innocent, but in all the good economic times we've had through many governments, looking for efficiencies for working people has all too often meant less people, tightening our belts, less services, which means higher workloads, higher stress levels and whatnot. And then the solution that always ends up coming up from people who advocate for that in tough economic times is, well, let's just tighten it even tighter and have even less there. You know, we've looked for efficiencies in governments for the past two decades and there's been reductions in work forces and higher demands on things, and there's been more offloading to the non-profit sector. And, you know, I'm fearful of that word when I hear it out of any government because it often doesn't look at what the needs are, and I think that's what we should be talking about. What do we need to invest in as a government? What are the needs of community? What do citizens expect out of their government for delivery of services, and then how do we, as a government, meet those expectations and ensure that we have the revenue and ability to do that?

* (20:00)

And we've negated, through the original balanced budget legislation, our ability to effectively do anything on the revenue side, so the solution continually is, let's cut our expense side. And we've cut through so many expenses that now we're cutting into critical services.

Mr. Chairperson: Mr. Briese, a very short question.

Mr. Briese: I've been a businessman myself for 40 years, and when revenues went down, I had to balance it off some other way, but I just—one other short question. You refer to the events of May the 6th, and I just wonder how much you think that actually impacted the Manitoba economy.

Mr. Rebeck: I don't necessarily think that day had a huge impact on the Manitoba economy, but I continually hear, even in some of the questions posed, that, well, we're out of the dark and we're moving ahead. And no one thought we were headed into the dark when this whole collapse occurred and there's clearly not stability. There's still a lot of blips happening that people can't explain and don't understand why, and I don't, and I'm not convinced that everything's roses for the future, that there are still a lot of uncertainty there, and until that becomes a lot more stable and predictable and we don't hear huge blips like that occurring, I'm not comfortable that we are out of the dark.

Mr. Chairperson: Thank you, Mr. Rebeck, for your presentation this evening.

Mr. Rebeck: Thank you.

Mr. Chairperson: Next presenter—oh, I have one piece of business for our attention of committee members. I have been advised that Richard Benoit, No. 31 on the presenters' list for Bill 31, is unable to make the presentation this evening at this meeting, but would like to have the written brief considered by the committee as a written submission. Is that the will of the committee to include? *[Agreed]*

We'll have it appear in the *Hansard* of transcript of this meeting, and thank you to committee members.

We'll now proceed with the next presenter: Colin Craig, Canadian Taxpayers Federation.

Colin Craig, good evening, sir. Welcome. Do you have a written presentation, sir?

Mr. Colin Craig (Canadian Taxpayers Federation): No, I don't.

Mr. Chairperson: Please proceed when you're ready.

Mr. Craig: Well, good evening, and thank you for the opportunity to speak here today. As some of you may remember, the Canadian Taxpayers Federation was one of the few organizations in Manitoba to stand up and speak out in favour of balanced budget legislation back in 1995.

Needless to say, we have great concerns with the continued watering down of the legislation for the third year in a row. In fact, should the proposed amendments pass, the name of the legislation should be changed, as referring to the current title would be, in business terms, false advertising. Hopefully, it won't come to that.

To begin, there's no need to run a deficit this year or next. After all, Manitoba's economy is growing. We are not reeling from a natural disaster and our nation is not at war. Second, it should be noted that spending has skyrocketed by more than double the combined rate of inflation and population growth over the past decade. Balancing the budget next year would require a mere 3.3 percent reduction in spending. That is something that businesses and households do routinely; governments should have to do the same.

And let's be clear. Introducing a spending freeze is definitely possible. If we look next door to Saskatchewan, their 2009-10 budget estimated spending to be \$10.2 billion. This year, spending is estimated to be \$10.1 billion, a slight decrease of approximately 1.3 percent. Here in Manitoba, summary budget spending is forecast to rise 4.6 percent over last year's levels. Strictly looking at core spending, it is up 5.2 percent.

Now, make no mistake. Like Manitoba, Saskatchewan is running a large deficit this year and it needs to be addressed. However, unlike Manitoba, they have tightened their spending belt. Had Manitoba followed suit or followed Saskatchewan's lead and reduced summary spending by 1.3 percent, we would be looking at a surplus of about \$203 million this year. Make no mistake. No one said governing would be easy or that saying no to the parade of special interest groups that want money each year would be effortless, but it needs to happen.

Every one of the \$545 million that will be borrowed this year will have to be paid back with interest. That is nothing short of intergenerational

child abuse—it is future—as it is future generations that will have to pay for services provided to today's citizens.

Now, for solutions. Consider where cuts could have been made and, in some cases, still can be made: \$3.12 million for Greyhound; \$16 million in subsidies for film companies; \$31 million for a new polar bear house in Winnipeg. Bipole III is another excellent example. By taking the scenic route around the province, the Bipole III project will cost ratepayers an estimated extra billion dollars.

While we're on the subject of Hydro, why on earth are we loaning a San Francisco wind company \$260 million for a wind farm? Surely if there was a good business case behind their proposal, a bank would have loaned them the money.

Another issue that cannot be ignored are the huge dam negotiation costs: \$160 million at last update. While it is positive that the government is negotiating compensation with impacted communities prior to building, allowing the bands to rack up expenses while only being required to pay back 25 to 33 percent of the costs, without any outside scrutiny, is a recipe for disaster. To date, we have not heard any explanation for why Xbox 360s, deep freezes, video cameras and other luxurious door prizes were handed out at Hydro project meetings, nor has anyone explained why consulting firms are paying people to attend the meeting. Why not investigate those costs so that future dam negotiation expenditures can be reduced?

In terms of K-to-12 education, over the past decade, the public system's K-to-12 costs have gone up by more than 45 percent, while enrolment has dropped by more than 10 percent. Expenditures have increased by over \$500 million, and that's \$300 million more than the rate of inflation. Less students, skyrocketing costs—we have a very broken system, one that needs urgent attention.

Surprisingly, while the government has called for a wage freeze for nurses and other government employees, the salaries of employees in the public education system have been ignored, yet they've been growing by leaps and bounds. Many will remember the famous Louis Riel School Division pay increase this year of 4.82 percent. It's not acceptable to continue to ask private sector employees, who are suffering from job losses, wage freezes and pay cuts, to fund skyrocketing public sector salaries and benefits.

In terms of the Province's call for a government-wide wage freeze, by not following through on that announcement, it will cost taxpayers a fortune. It sounded great when the announcement was made, and we applauded it but, unlike New Brunswick, we're not seeing the results. The Manitoba Nurses' Union's recently negotiated lucrative pay package will now set the stage for other public sector unions to follow suit. At some point, very soon, governments need to get serious about the growing public sector-private sector wage gap.

Finally, the stadium is also worthy of mention. Despite telling people that the current facility requires \$52 million in repairs, a report quoted by the government actually notes only \$14 million would be needed to fix up the current site. Therefore, taxpayers are on the hook for a \$75-million, Hail-Mary development pass to Creswin Properties. If the pass is complete, and Mr. Asper and the Bombers repay the \$90 million, then it's a fairly palatable deal despite the lack of public input and poor process. However, if the deal goes sour, the taxpayers are on the hook for \$90 million, at the same time that we're running a \$545-million deficit. That's a risk we shouldn't have assumed.

There's certainly many other smaller things that the government could do as well. For example, the Legislative Assembly's costs are up 11.7 percent over the past two years, or about \$4.1 million. The government is going to look for cuts, the Legislative Assembly should lead by example.

Next, we discovered bonuses being paid to employees at child welfare authorities for simply showing up for work. And, in another case, employees held a spa day, complete with make-up lessons and tarot card readings for staff. We brought those issues to Minister Mackintosh and, thanks to his actions, both activities will no longer occur. But how many other examples are out there and, more importantly, why are whistle-blowers coming to our organization and not to the government?

Another example would be to look at the unnecessary lawsuits. We were told the government's lawsuit to keep Air Canada's operations in Winnipeg is now at about \$12,000. Economic development will never occur by suing companies to locate or remain here. Implementing plans to reduce taxes and improve their competitiveness will.

Certainly, there are many other areas for governments to reduce spending. To find them, the government should develop an all-party committee

and immediately identify ineffective programs to phase out, such as grants to businesses and arts groups. Next, the government should look at contracting out services, manage competition, developing public-private partnerships and selling off assets and unused land.

* (20:10)

Clearly, there's no need to run a deficit this year, or next. What we need are tough choices. The provisions within the bill that allow for deficits until 2014 should be eliminated and replaced with a requirement for the government to have to run a core and summary balanced budget each year. In addition, the 40 percent pay-cut penalty for Cabinet ministers that run deficits in successive years should remain in place. The penalty is there for a reason. Quite simply, if your performance isn't up to par, then you're penalized.

In conclusion, we understand that the government is facing financial challenges. However, after a decade of wild spending, it's time to start implementing tough choices and not take the easy way out by simply changing the legislation. Thank you.

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

Questions for the presenter?

Mrs. Stefanson: Thank you very much, Mr. Craig, for your presentation this evening, and as you're aware, the largest increase in spending over last year was, in fact, for servicing the debt at more than, it was—10 percent, I think, 10.7 percent. More than double that for an increase in expenditures in health care alone and, certainly, the debt, we know, has increased by well over \$2 billion just in one year alone.

What do the members of your organization feel about the debt and how is this going to affect the future front-line services and being able to pay for those, if we have a serious increase in servicing the debt as well as an increase in the debt itself?

Mr. Craig: Well, we've got thousands of supporters from across the province from seniors to university students as individual taxpayers and then small- and medium-size businesses from all kinds of different areas of the economy, and they've been telling us that when times are tough, they have to tighten their belts, and they expect governments to do the same. And if the debt continues to spiral out of control,

then that's going to place the province in a very precarious position in the future. And, you know, right now, a very large amount of money each year is wasted in debt-servicing costs and if you pay down the debt, then obviously each of those dollars can instead be going—can go instead from banks to actual services for citizens. So it's something that definitely needs to be addressed and that's why we're calling for a balanced budget this year.

Mrs. Stefanson: And the increase in departmental expenditures for next year is up some 5.2 percent over last year in this budget. Do you believe that that—those kind of expenditures are sustainable given what kind of growth we're looking at?

Mr. Craig: No, it's not sustainable, and if you look next door to Saskatchewan, as I mentioned, they've really done a good job at tightening their belt. Still have more work to do there, but by essentially delivering a small reduction in spending, if we had have followed in their lead, rather, we would be looking at a surplus this year, and you know, decisions—some of those decisions aren't always popular. They're tough to make. I'm sure there's a lot of people that want to go and see the new polar bear house or some of the other grants and that that have been promised by the government, but it's up to the government to say no to special interest groups and say that we need to tighten our belts and ensure that we're not passing off today's bills for services to tomorrow's generation.

Mr. Chairperson: Further questions for the presenter?

Ms. Wowchuk: I would just like to take this opportunity to thank you, Mr. Craig, for your presentation and for your suggestions that you have made as to where we could have saved some money. And I say to you that we made a decision that we would make investments in front-line services so we could continue to protect those services that people think are very important and to make the investment into stimulus, as all other governments are doing, along with the federal government, and spread out the costs of this over a period of time. That's why we have a five-year plan similar to what the federal government is doing.

So I—have you looked at other governments' plans and the federal government and are you opposed as well to those plans to spread—to make the investment in stimulus and spread it out over years, or are you opposed to Manitoba's plan?

Mr. Craig: No, if you look at what our federal director's saying right now, it's very similar to what I'm saying about this budget and that is that governments shouldn't be engaging in stimulus activities. If you look at reports from the Fraser Institute as well as other economists, they'll tell you that the economy hasn't seen that bump that governments have promised through their stimulus activities. Instead, as I mentioned, what governments should be doing is tightening their belts and cutting back on luxury projects. And, in many cases, it's not simply a matter of reducing services for citizens, but thinking outside the box and delivering them in a better way, looking at contracting out services, manage competitions that existing employees can bid in and so that they feel the pressure of having to compete against others for continuing to provide services for citizens.

Mr. Chairperson: Mr. Cullen, a short question here.

Mr. Cullen: The excuse the government is providing us for not balancing their budget is that they have to provide front-line services. But I'm taking from your comments here that you think that the government has enough funds already to provide those front-line services and, at the same time, still maintain the existing balanced budget legislation.

Mr. Craig: You know, a great example to look at is the city of Indianapolis where they looked at managed competition for a number of services, and when they do that they allow not only the private sector to bid in for services, but existing employees. And when they did that, they found many government employees won contracts for services that they wouldn't have had to face if everything carried on as is.

And so a great example is pothole repair. The existing crews bid in and provided services. They improved their productivity at a lower cost. So, for the taxpayer, they didn't have to pay as much for that service and they got a better service simply by injecting a little competition into the process. And we could do the exact same thing here in Manitoba for so many different services across the entire—throughout the entire government. But what you have to do is begin by asking that question, who can provide government services for a better price, instead of simply giving it over to government union monopolies.

Mr. Chairperson: Seeing no further questions, thank you, Mr. Craig, for your presentation this evening.

Mr. Craig: Thank you.

Mr. Chairperson: Next presenter we have on our list is Fletcher Baragar. Fletcher Baragar. Seeing that Fletcher Baragar is not here this evening, name will drop to the bottom of the list.

The next presenter we have listed is Pat Isaak, Manitoba Teachers' Society. Pat Isaak. Seeing that Pat Isaak is not with us this evening, her name will drop to the bottom of the list.

Next presenter we have listed is Dave Angus, Winnipeg Chamber of Commerce. Mr. Angus?

Good evening, sir.

Floor Comment: I'm Chuck Davidson from the Winnipeg Chamber of Commerce, filling in for Dave Angus tonight.

Mr. Chairperson: Is there a will of the committee to allow for a substitute for Mr. Angus here this evening?

An Honourable Member: Absolutely.

An Honourable Member: Agreed.

Mr. Chairperson: And, please, would you please identify yourself, sir, for the record.

Mr. Chuck Davidson (Winnipeg Chamber of Commerce): I'm Chuck Davidson, from the Winnipeg Chamber of Commerce.

Mr. Chairperson: Welcome, sir. Do you have a written presentation?

Mr. Davidson: I do not, just verbal.

Mr. Chairperson: Please proceed when you're ready.

Mr. Davidson: Thank you very much, Chairperson. MLAs, ladies and gentlemen, my name is Chuck Davidson. I'm the vice-president of Policy and Communications for the Winnipeg Chamber of Commerce.

The Winnipeg Chamber of Commerce is a not-for-profit organization that represents almost 2,100 businesses in the city of Winnipeg, and those 2,100 businesses represent close to 90,000 employees. We've been in existence since 1873 and are celebrating our 137th anniversary this year, and I'm pleased to say that our membership is larger today than it's been at any time in that 137 years. Our role is to foster an environment in which business can grow and prosper, and we have long been considered the voice of business because we take

credible, well-thought-out positions on issues, which brings me here today to provide comment on Bill 31.

The Chamber has long been an advocate for governments at all levels to be fiscally responsible and disciplined when it comes to spending taxpayer dollars. We applauded the Province for being a leader when it introduced balanced budget legislation in-back in 1995, and since that time, both Conservative and NDP governments have boasted that they have continually balanced the books of Manitoba, and for governments of all stripes, it's like a badge of honour to say the Province's books are balanced.

Manitobans understand what it means to live within your means. As a not-for-profit organization, Winnipeg Chamber of Commerce understands what it means to live within your means, and the Winnipeg Chamber of Commerce believes it's important that government also continue to understand what it means to live within your means.

The remarks I will make today are almost identical to the ones that I made two years ago when I spoke to Bill 38, The Balanced Budget, Fiscal Management and Taxpayer Accountability Act. At the time, the chamber raised concerns that we are watering down balanced budget legislation in this province. Bill 38 provided the government with greater flexibility when it came to provide-to balancing the Province's books. The essence of Bill 38 at the time-of Manitoba-followed the recommendation of the former auditor general, Jon Singleton, that summary financial statements should be used to determine compliance with balanced budget legislation. It was his contention that summary financial statements incorporate the use of GAAP, reflect the annual operations of all government activities, and is the same basis as the federal government and most other provinces use.

* (20:20)

The Winnipeg Chamber of Commerce has current policy that endorses these recommendations and was supportive at the time of those measures in Bill 38. In addition, Bill 38 allowed the summary budget to be balanced on a four-year average. This was something that we also-that was also recommended by the former auditor general, and we understood the rationale for this and were supportive of that measure as well.

In moving to a summary budget, we agreed that the rationale in having just one set of books is a

measure of transparency that provides Manitobans with an understanding of the overall costs of government. The challenge we had with the proposed changes in Bill 38 was that there was no provision that the governing party continue to balance the Province's core operating budget, which we believed to be extremely important. We saw no evidence why the government couldn't commit to continue to balance the operating budget. We indicated we'd be extremely disappointed to see any government increase expenses to such an extent that they would be forced to run an operating fund deficit in the future, only to hide behind legislation that allows them to do so and still be able to say they have balanced the Province's books.

In our minds, Bill 38 gave the government such flexibility, there was virtually no way the books couldn't be balanced. But, with the introduction of Bill 31, the Chamber believes the balanced budget legislation in this province no longer exists.

Under Bill 31, the requirement to balance the budget is suspended, these requirements for the current fiscal year and the next three years or until a positive net result is achieved. The vagueness around this amendment does not provide us with the confidence that the government is prepared to take the necessary measures needed to get their financial affairs in order.

Two years ago, we cautioned that this is really about the government's ability to manage taxpayers' dollars. We commented then and we will comment today that there is a need for increased emphasis to be placed on how taxpayers' money is being spent and is it being done in a manner that stimulates economic growth and development in the province. In the past number of years, we have seen provincial government revenues continually increase on an annual basis by hundreds of millions of dollars, thanks in large part to transfer payments from the federal government, increases in equalization payments and increased revenues from taxation.

At the same time, the government has used those increased revenues and increased program spending, and we will give them credit; they have provided tax relief to Manitobans, although never as much as we would like, while they're still living within the current parameters of balanced budget legislation—until now. Bill 38 will allow the provincial government to run deficits for the next four years and to drain the Fiscal Stabilization Fund to make required debt repayments. This does not bode well

should the economic recovery not go as smoothly as the government would have us to believe.

What is also of concern is that there appears to be no plan to take measures to alleviate the problem other than freezing MLAs' salaries for two years and reducing the salaries of ministers by 20 percent for the duration of the economic recovery program. A savings of less than \$500,000 in a budget of over 13 billion may seem like a sign of spending restraint to this government, but much more needs to be done.

We have yet to see what tangible and concrete steps the government is prepared to take to speed up the process of returning to budgets that are balanced. To address the issue of government spending, the Chamber would recommend the government of Manitoba create a culture in the public sector that inspires and rewards employees for finding efficiencies, review all programs every year to determine where the payoffs are the greatest and identify areas where spending can be reduced or eliminated, establish a commission on efficiencies that engages the public in an effort to determine if the services provided by the Province are being done in a cost-effective and efficient manner, and consider the use of sunset clauses in all new program spending.

Governments of all stripes should always strive to be more accountable and transparent in the spending of taxpayers' dollars. Let's be honest. Balancing a budget isn't easy, and it shouldn't be. Taxpayers should demand government make the tough decisions to ensure money is being spent wisely and efficiently, and sometimes tough decisions have to be made. The Winnipeg Chamber of Commerce believe that in its current state, Bill 31 doesn't just water down the integrity of what Manitobans are accustomed to when it comes to fiscal responsibility and the premise of balanced budget, it eliminates it. Thank you.

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

Questions of the presenter?

Mr. Gerrard: One of the results of the previous change made by the NDP in balanced budget legislation was that this year, although we had a deficit of more than \$500 million, the NDP have said publicly and inside the Legislature that this is actually a balanced budget. And it seems to me that

when you try and claim that a deficit of \$500–500 million is a balanced budget, then you build up a credibility gap. People lose trust in government about being honest.

I just would like you to comment, because you've been involved in these previous changes and, you know, maybe you would comment.

Mr. Davidson: The issue for the Chamber of Commerce has always been that we see no need that there be an operating budget, and that's the key for us. We agree with the premise of summary budgets in terms of complying with GAAP. That's what all the provinces do. The federal government is doing that as well.

What we have always said is that there's no need in our minds for the government's operating budget not to be balanced on an annual basis.

It's not a question of shortage of revenue. It's a case of spending as much as those revenues go up, and we think there needs to be greater efficiencies that can be found.

Mr. Cullen: Thank you very much for your presentation tonight, Mr. Davidson. It was interesting that you pointed out that this particular bill only will recognize about \$500,000 in savings. That's quite concerning. The other part of this bill is a list of taxes, which, for the most part, will increase a lot of taxes and, obviously, will impact the business community quite substantially. Have you had an opportunity to analyze all the changes in taxation here and what kind of repercussions that will have on the business community?

Mr. Davidson: We've not analyzed the impact of the tax measures that are in this. They're obviously of concern as well. We know, when it comes to taxation, that is a huge issue for our members in terms of making sure that we're competitive with other provinces. Other provinces have taken measures on taxation.

I can tell you, the No. 1 issue for our members when it comes to taxation, far and away, payroll tax would be one that we would—our members would love to get rid of. We understand the challenges with it, but we would like to see some measures that would show us and give us the confidence that there is a plan for that. And that's the challenge that we have with the overall—the plan with the deficits as well is we're not seeing a clear plan in terms of where we're going, how we're going to reduce it, is

there a way that it can be done faster, and what steps are being taken by the government.

We've had the same criticism at the federal level with the federal government in terms of long-term deficits that they've got planned that we think there needs to be a clearer process of how the government is going to get their books back in the black, reduce deficit, and reduce the debts.

Mr. Chairperson: Further questions of the presenter?

Ms. Wowchuk: Thank you for your presentation on behalf of the Chamber. I wanted to—you said that you supported summary budget, and with summary budget, you support balancing on a four-year rolling average?

Mr. Davidson: We did from the—in Bill 38, we were supportive of the four-year rolling budgets. That was something we were supportive of. At the same time, we did want to see that the government did have the ability to balance the operating budget, and that is one amendment that we did ask for at that time.

Mr. Chairperson: Any further questions to the presenter?

Ms. Wowchuk: I just wanted to just point out that if we—under the—if we didn't change the balanced budget legislation, we wouldn't be able to table a future budget if we weren't in balance under the four-year rolling average. That's what the existing legislation says. So, given that we are in a significant economic downturn and we wanted to maintain services and participate in the stimulus, in order to do that, we had to make the changes that we were making in order to be able to table a budget.

Mr. Chairperson: Mr. Davidson, did you have any comments?

Mr. Davidson: No, no comment.

Mr. Chairperson: Seeing no further questions, thank you very much for your presentation, sir.

Next presenter I have on the list is Mary Johnson, private citizen. Mary Johnson, please come forward.

Good evening, Ms. Johnson. Welcome. Do you have a written presentation?

Ms. Mary Johnson (Private Citizen): Yes. It's very brief, so.

Mr. Chairperson: Just give us a moment to distribute it, then I'll give you the signal to proceed.

Please proceed, Ms. Johnson.

Ms. Johnson: I'd like to thank you for this opportunity to present to the committee and thank you to the government for introducing a bill that recognizes the current reality of life for Manitobans. I'm making this presentation as I believe it to be very important that our Manitoba government continue the work it has been doing—the important work it has been doing and act responsibly to maintain and protect services to Manitobans.

I believe that implementing the five-year economic recovery plan will assist in accomplishing this goal. There's not—I don't believe it's a time to cut services or cancel infrastructure projects. The money being spent by our government to provide the services and improve infrastructure creating jobs will put money in the pockets of workers in Manitoba, who, in turn, pay taxes and spend money at Manitoba businesses, which, in turn, translates into more jobs in Manitoba, more taxes being paid in Manitoba and more money being spent in Manitoba.

*(20:30)

Cutting services and not improving the infrastructure equals decreasing our tax base. Less people employed equal less taxes paid, putting workers on Employment Insurance or social assistance, more stress on families, and more use of services and less money to spend in Manitoba at our Manitoba businesses. It's a vicious circle that costs residents of Manitoba not only in terms of their jobs, but also their health. People with health problems equal more strain and costs for our health-care system.

I have friends that are affected by the current downturn in the economy. Some of them work in industries affected by the exchange rate on the American dollar, so it means their businesses are—they don't have the sales that they had prior to that dollar change. Some are in work-share programs with Employment Insurance allowing their employer to maintain their work force through temporary tough times. These Manitoba companies didn't just cut their budgets and lay everybody off or pull their investment entirely. They're working proactively to survive the tough times—maintain their trained employees is a key part of what they're doing—and meet the demands of their customer base. They also, I believe, realize that this isn't just a short-term fix;

one year just isn't doing it this time. This recession is deeper and more than a year is needed to get through it. Their new orders are still impacted by the U.S. market and they are realistically working on a longer-term plan for recovery and our government needs to be as realistic as those employers and employees are in dealing with the circumstances.

I strongly support not balancing a budget on the backs of people. We all must be responsible for our debt. For most Manitobans, I believe, paying a house off in one year would be impossible. So we mortgage over a longer period of time. Many of us cannot afford university or future—or further education, so we take out student loans and pay them off over a period of time. Many of us cannot or do not expect to pay them off in a year. During tough times, we do take out loans for survival, but we do need to maintain our jobs in order to pay them back. No job and our loans and mortgages get behind or we have to renege on payments, and some even have to claim bankruptcy or give up our homes. Job stability means—allows us to renegotiate terms and conditions of loan payments and enable us to continue contributing to the province we live in.

My family believes in Manitoba. My two sisters and four brothers and their families live and work in Manitoba. I have four children and five granddaughters all living in Manitoba. My oldest granddaughter graduates from high school this June and my youngest granddaughter just turned two. I hope that all my grandchildren, and yours as well, are all able to enjoy the opportunities Manitoba provided to my siblings, to my children and me.

I believe the attention paid to Bill 31 and amendments to it will assist in that process. Let's not balance a budget on their future. Let's take the ups and downs of life into account and set a realistic goal for balancing budgets while providing necessary services and stimulus to our economy to keep Manitoba a great place to work and live. Thank you.

Mr. Chairperson: Thank you, Ms. Johnson, for your presentations.

Questions for the presenter?

Mrs. Stefanson: Thank you much, Ms. Johnson, for your presentation and for being here and for taking time out of your schedule to be here tonight.

I had mentioned—this is a question that I asked one of the other presenters earlier this evening, and that—are you aware of the fact that the largest increase in expenditures over last year was, in fact,

servicing the debt, at more than 10 percent, almost—or more than double that of an increase in expenditure to health care?

As we're in a situation here where the debt is on the rise—and there was an increase in the debt of more than \$2 billion from last year alone, and this five-year plan has an increase in the debt even further. Obviously, the money going towards servicing that debt as interest rates rise is going to be significant. And that's money that will be taken away from social programs and front-line services that we really need.

Is that a concern to you, the increase in the debt and the servicing that debt in particular where it's at and where it could be in the future and that—and the fact that will take significant dollars away from front-line services?

Ms. Johnson: I know if I relate it to personal circumstances and when we take out loans, yes, if your interest rates are higher, you pay—you make higher payments. If the government is using money for health care, I can't support it more. Certainly, health-care issues have affected my family a lot and families of my friends so—and I, I mean, if you want a personal example, in '98, '99, my father required access to a pain clinic, and he had an 11-month wait to get into that pain clinic. He committed suicide waiting for that to happen. I look at it now where I have a very close friend who had to get into a pain clinic and was in there within a couple of months. So, for me, that spending health care is very personal and we need to continue those sort of payments. And if it's worth paying a bit higher interest on it, then I will do that, and I would recommend doing that, yes.

Mr. Gerrard: You know, there is a concept that the balanced budget legislation requires the government to balance the budget and that the only alternative is to cut back on services—

Mr. Chairperson: Mr. Gerrard, could I stop you there for a moment please, sir? We're having a hard time hearing you, so if you could put your microphone closer.

Mr. Gerrard: Okay. I will get closer to the microphone, sorry.

So there's a concept, right, or a belief out there, that this balanced budget legislation as it was put together originally and with some modifications requires a government to balance the budget. In fact, it gives the governing power choice. I mean, you

balance the budget or you lose some dollars in your salary. And it's—it works out that it's 40 percent under the original balanced budget, which was 40 percent of the minister's salary. That's only the component above the base salary. So it would still leave the ministers getting more than a hundred thousand dollars a year, which probably is not a bad income. And so the ministers can keep a salary of more than a hundred thousand dollars a year and still make a decision to spend more than the—to not have a balanced budget if they feel that that's in the public welfare.

And so the implication that ministers and a government must balance the budget is, in fact, not correct. I mean, they're really deciding—they have the option of balance the budget or having a slight decrease in their salary. And, in terms of being able to recognize that we're going through tough times, you know, it doesn't seem unreasonable to decrease a minister's salary slightly, considering that they'd still be earning more than a hundred thousand dollars in a year.

So I think that the implication that the balanced budget legislation requires that a government balance the budget is not right. I mean, it indicates what a balanced budget is and, right now, sometimes it indicates that there's a balanced budget, which is what we got this year, when you have more than a 500 billion—million dollar deficit.

So, I mean, there are some problems with it. I don't think this legislation is particularly going to fix it, but I'd be interested in your comment.

Ms. Johnson: Okay, I don't think I quite got your question, but there are a couple things I could comment on what you said.

The balanced budget legislation, if it isn't allowing a government to provide the services that meet the demands of the current economy and where the province is, I think, is—it's just not doing its job. It's not allowing government to do its job, so that makes it bad legislation in any form.

If you're asking me if I believe that it be appropriate that if you don't balance the budget that you take a 20 percent or 40 percent cut in your salary, I think it's absolutely ridiculous, so you know that, because when times are tough, the tough work a heck of a lot harder, and if their salary's a hundred thousand dollars—which I don't pay close attention to that—they probably earn every cent of it and more, and it's probably one of the lower ministers' salaries

in the country, I would think, but that's just my comments. If you—probably, if you took the number of hours they put in and divide it by that hundred thousand, I'm thinking it's very little, and I'm thinking that yours probably is as well.

Ms. Wowchuk: Well, thank you very much and, if you won't mind, I would just like to clarify something because the member from River Heights continues to say that we had a choice, and I would like to share you a line in the budget.

In the balanced budget legislation, it says: For each fiscal year the minister must table in the Legislative Assembly a budget for the governing reporting entity that projects a balanced budget as of the end of that year. So, under the balanced budget legislation and under summary budgeting, we—a government must table balanced budget legislation. So, in actual fact, if we weren't balancing under the four-year rolling average, we wouldn't be able to table a budget next year. It is our view that, as a government, we have to table a budget and continue to provide services and make decisions on how we would provide services for Manitobans, and that is the reason that we are making the amendments to the balanced budget legislation.

* (20:40)

I would ask you if you would support the decision that we've made, that we will make amendments so that—and suspend balanced budget legislation, so that we can continue to deliver those front-line services and participate in stimulus and the programs that are important to Manitobans.

Ms. Johnson: Thanks.

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

Next presenter I have on the list is Cy Fien.

Good evening, sir. Welcome. Do you have a written presentation, sir?

Mr. Cy Fien (Gendis): I do, and my colleague with me, Paul Grower, is providing them.

Mr. Chairperson: Give us a moment to distribute a few, and then we'll give you the signal to proceed.

Please proceed, Mr. Fien.

Mr. Fien: Thank you very much for having us and permitting us to address a different point than the previous presenters.

In bill C31 are various provisions and particularly one that affects the application of the provincial Income Tax Act to corporations. And that particular provision, which amends a section in The Income Tax Act, 53.2, is being or proposed to be enacted on a retroactive basis. And I would point out that it is retroactive to 1992; that is some 18 years ago.

It is a measure which will purport to increase the amount of income taxes on a certain type of transaction that was entirely legal when it was done. It was commonly known as the Québec shuffle, and it's the type of transaction where a company, in selling assets prior to sale, is able to move them out of the province and escape the provincial tax. It is not dissimilar to an individual who, for instance, during the course of a year, sells an apartment building, has a gain and moves out of Manitoba, say to Alberta, and if the person does it by year-end, pays Alberta tax rather than Manitoba tax.

My point is not to get into the technicality of it but to make the point it's an entirely legal transaction, and the sort of thing that comes about because of the type of country Canada is, where you have 10 provinces with their own income tax jurisdictions and different tax rates. While legislatures have previously have seen fit to introduce retroactive legislation, it is highly unusual, I would say extraordinary, to enact a measure to be effective over the course of the previous 18 years.

I point out when this section was first enacted to try to combat what was known as a Québec shuffle back in 1996, it, too, was enacted on a retroactive basis, to 1992. And I suppose that is why the present legislation is selecting that date. When the government, at that time, enacted the legislation first in 1996, I also appeared at that time on behalf of the joint committee, the Canadian Bar Association and the Canadian Institute of Chartered Accountants, to point out the dreadful precedent that introducing retroactive legislation serves. And we predicted that future governments would again, relying on that, enact legislation. And I regret to say that is exactly what is occurring presently.

Retroactive legislation such as this seeks to punish actions that were lawful when they were done. To do so, to quote one court, is a measure of breathtaking arbitrariness. Retroactive legislation changes the law applicable to past events. In order to comply with the law, persons subjected to it must know in advance what the law is. Yet, a retroactive

law is simply unknowable at the time, impossible to comply with when the transaction is entered into.

There is a constitutional principle known as the rule of law, which requires that a citizen, before committing himself to a course of action, be able to know in advance what the legal consequences are that will flow from it. As early as 1870, a British court said this: Retroactive laws are contrary to the general principle that legislation by which the conduct of mankind is to be regulated ought, when introduced for the first time, to deal with future acts and ought not to change the character of past transactions carried on upon the faith of the then-existing law.

As I say, retroactive legislation is inconsistent with the rule of law. The Supreme Court of Canada recently said this: that the rule of law is for conveying a sense of orderliness of subjection to known legal rules and of executive accountability to legal authority. The rule of law, the Supreme Court said, vouchsafes to the citizens and residents of the country a safe, predictable, and ordered society in which to conduct their affairs. It provides a shield to individuals from arbitrary state action.

With this legislation, the provincial government is not honouring the rule of law. If a government, whether it's this government or any other government, feels it is free to amend laws retroactively at any time, it will take away the responsibility of the government to write clear laws. Of even more concern is that retroactive legislation is a dangerous precedent, not only for enacting retroactive tax laws, but other punitive non-tax measures on a retroactive basis. The government can enact a retroactive law and is prepared to do so. It can do so with respect to criminal matters; it can do so in any field. Retroactive tax legislation of the sort found in bill C—in Bill 31 can be used as a precedent by future governments to target certain industries, groups of citizens, or even individuals on a retroactive basis. It may be that this government is well intentioned, but if it sets the precedent there may well be governments in the future that are less well intentioned and will be able to point to this enactment as a basis for enacting some far more dreadful retroactive law.

There are some things, we would submit to you, a government must not do to preserve the integrity of democracy. It may be a hard decision given the fiscal situation where the government thinks it cannot afford the leakage of this sort of plan and that it's got

to go back and try to grab the tax, but that concern must give way for more serious, more fundamental principles important to democracy, and that is that retroactivity simply takes away the stability of the legal system.

The practicality of a retroactive law, particularly in the tax field, is questionable. If this law is enacted, it means that companies that carried out this transaction during the course of the last 18 years now must come forward and report more income and pay more taxes. How do you do that if you did this in 1993, or if you did this in 1998? How do you come forward with your tax return and file an amended return? It's totally impractical. And yet the concern is, as a lawyer, I can say in speaking to clients, if they don't come forward does that mean they are now a tax evader? They have potentially been made a tax evader on a retroactive basis, and for tax evasion, as you know, there are criminal sanctions.

So the ramifications of doing something of this sort are widespread, and they are very dangerous in our view. And for that reason we would request that Bill 31 be enacted with effect only from the time that it was introduced in the Legislature, which was at the end of April. Those are my comments.

Mr. Chairperson: Thank you very much, Mr. Fien, for your presentation this evening.

Questions for the presenter?

Mrs. Stefanson: Thank you very much, Mr. Fien, for your presentation tonight and for taking time out of your busy schedule to be here to present to this committee tonight.

* (20:50)

This is obviously a different sort of—you're bringing up sort of a new issue different from other presenters tonight, and a very important one. I'm wondering if you could indicate the impact that this will have on the provincial revenues, or for, on the other side, the cost to taxpayers in our province with this being retroactive back some 18 years.

Mr. Fien: I'm unable to know how many—I would know from my clients, but I, of course, I don't know what is—other companies in the province have had or have done by way of these sort of transactions. I would certainly speculate that there are tens of millions of dollars involved, and I, as I say, I can understand the provincial government having some concern about that and not liking the plan.

But, as I say, it seems to me on the scale of justice, the harm that it does to the government, to the legal system, is a far greater cost, or will prove a far greater cost, over the long run.

Mrs. Stefanson: Just to follow up to that, is there an indication of how many people or entities that this would affect in Manitoba? Do you have any sort of, maybe if you don't know particularly, just sort of a ballpark of what we could be looking at here?

Mr. Fien: I—very difficult for me to speculate. I do know that this was a plan that was entertained by tax planners across the province, including the national accounting firms, which have a great number of clients. So I would expect that this could have effect on a large number. Whether it's a dozen or dozens, I just am not able to say.

Mr. Cullen: Thank you very much for your presentation. I'm wrestling with the logic that the government would have bringing in the piece of legislation that is retroactive to 18 years ago. All that I can see is a tax grab for the government of the day.

Is there any other logical explanation why they would bring this legislation forward?

Mr. Fien: I suspect what motivated it is that there were taxpayers fighting the original version of the legislation, and that the government, by introducing these amendments, is, in their mind, reinforcing the legislation—trying to ensure that it does apply in the face of arguments that the original version was ambiguous in certain respects.

Mr. Gerrard: Thank you for your presentation. I've spoken out a number of times in the Legislature against retroactive legislation and have the same concern that you do.

Now, but I would like if you could help us to explain a little bit more. I mean, this legislation taxes a certain type of tax planning, I gather. Can you explain in a little more detail just what is being taxed, and how it will work?

Mr. Fien: Let me just gather my thoughts for a moment, so I don't get into the minutiae of The Income Tax Act. What it—what the plan was aimed at accomplishing is this.

If a company that otherwise was subject to Manitoba income tax had an asset that had a gain in it, it had gone up in value over the time it had been held, and the taxpayer was going to sell that asset, it

would have a capital gain—pay capital gains taxes. One was able to have that asset transferred by the company in Manitoba to, say, an affiliate or a subsidiary company in another jurisdiction, such as Québec, and then sell it out of Québec. Because a province like Québec has a different tax system, when the asset came from Manitoba into Québec, Québec attributed to it a cost base equal to that value at that time, for the present value of it. So, then, when it was on—sold out of Québec, the Québec provincial tax system didn't see a gain, and so the asset could be resold without there being tax.

But, as I say, there are a myriad of tax plans that hinge on the fact that there are 10 provinces, each with their own rules, to a certain extent. And as I—coming back to the parallel with respect to individuals, it's simpler, but if you sell an apartment building in November and have a large gain, as many of my clients do, if you move to Alberta before the end of the year, you will pay taxes in Alberta at eight or 10 points less than you will pay in Manitoba. That's the country as it's evolved and as you know, taxpayers are entitled to and seek to reduce their tax burden.

So this is just one plan that—of many that the Province has picked out and has decided it doesn't like it and that's fine, but if you don't like something, change the law going forward. To change the law going backwards is, as I say, going to take away the government's credibility in the eyes of the business community.

Mr. Chairperson: Questions?

Ms. Wowchuk: Mr. Fien, thank you very much for bringing this matter to this table and certainly I appreciate your presentation.

Mr. Chairperson: Thank you very much, Mr. Fien.

The next presenter I have registered on the list to present is Tara Walker, On Screen Manitoba. Tara Walker, please come forward.

Ms. Tara Walker (On Screen Manitoba): I'll try to be quick. It's a late night already.

Mr. Chairperson: One moment please. Just one moment, please, before you proceed.

Mr. Goertzen: I might suggest that we don't interrupt Ms. Walker's presentation, that we hear her presentation in its entirety before we discuss the proceedings of the committee after that.

Mr. Chairperson: Thank you, Mr. Goertzen, that was the intent of the Chair.

Floor Comment: Oh, thank you, because of the time.

Mr. Chairperson: Could you please introduce the person who's with you, if you wouldn't mind.

Ms. Walker: Sure. Steven Morrison is the general manager of William F. White International, a member of the film technicians union, IATSE Local 856, and a member of the board of On Screen Manitoba.

Mr. Chairperson: Thank you. Do you have a written presentation?

Ms. Walker: Not that I'm distributing.

Mr. Chairperson: Then please proceed when you're ready.

Ms. Walker: On Screen Manitoba is the non-profit association that leads, builds, and represents the motion picture or screen-based media industry in Manitoba. Our members represent the full spectrum of film, television, digital media in Manitoba. Collectively, our vision is to build a thriving industry in Manitoba that is globally recognized for our diversity, innovation, and for the excellence of our productions. We are driven by a passionate desire to see future generations of Manitobans continue to have opportunities to work in our industry.

We appreciate this opportunity to address you and to share some information about the urgent challenges that our industry is under and how important the move by the Province to introduce a new option to the film and video tax credit that is included in the budget bill, how important that is to the sustainability of our industry.

As you're aware, we have been strongly endorsing the introduction of a Manitoba-spend option on the tax credit. It's a proposal that's been introduced by the province's tax credit advisory committee. This incentive is designed to compete head-on with similar all-spend tax credits in other jurisdictions in the United States and Canada. And since its introduction in the budget, which was introduced by Minister Wowchuk in March, this tax credit has already restored our competitive position and ensured that our industry's sustainability is a given for the foreseeable future.

There are productions that are scheduled all the way into November and they're estimated at a value

of 80 million. That's 80 million in production that's coming to the province that some of that likely wouldn't have come without this introduction of the new tax credit. It's very relieving, given that we're just emerging now from the worst two years of our industry's history in the last 10—in the last decade. Production volumes had declined by more than 50 percent over the last two years. We were at very real risk of losing our infrastructure and our work force. To ensure that our industry remains sustainable, we know that what we needed to do was stabilize our production levels. With sustainable production, we know that our crews will remain here, that our creative talents and our businesses will be able to remain here and we'll be able to focus, giving ourselves a little bit of time to focus on our long-term sustainability strategies.

* (21:00)

Steve is going to tell us a little bit about how the industry has built up a solid infrastructure, but how fragile it can be when production levels drop.

Mr. Chairperson: Before you proceed, Mr. Morrison, is it the will of the committee to have Mr. Morrison present as well? *[Agreed]*

Please proceed, Mr. Morrison.

Mr. Steven Morrison (On Screen Manitoba): Thank you very much. Thank you for having us here.

My name is Steven Morrison. I've been in the film industry since 1987 across Canada. I started out in Toronto. Travelled the world—coast to coast in Canada. I've been a part of many different communities across Canada and around the world and especially in developing communities.

Found myself here in '97 and since then it's been home. Shortly after that, I was asked by William F. White International to represent them as their general manager. They are Canada's largest and first equipment—motion picture equipment rental company. So they're very well established. They're very well interwoven with all the communities across Canada and around the world, with international clients as well as national clients and Canadian producers. They're very involved with every community that they're involved with across Canada.

They opened up an office here in 1988 to serve the growing Manitoba market. We're one of the two leading national equipment suppliers that support the Manitoba film industry, and those two suppliers are national competitors.

The reason we are here, as William F. White, and the reason why we have tripled our size to become a major part of the infrastructure growth while also contributing to the training of our technical crews, is directly relating to the success of the Manitoba industry. And this is, if not because of, but largely due to the government incentives that attract Manitoba production to Manitoba, specifically Winnipeg. And this is not just as we're finding now from offshore production; it's also Canadian production. So a huge shift for the Manitoba base to be attracting Canadian productions and TV series due to this tax credit which finds us now much more competitive with other major centres like Toronto and Vancouver. So huge kudos to the provincial government for recognizing our need to be competitive in Canada.

Having one equipment supplier in the film industry in this province is critical. You have to have equipment to make movies. The fact that we have two suppliers here in Manitoba puts us at a competitive position with other major production centres across Canada. Specifically, as much as we can't compete in volume, but there's only a few—there's only three other centres in Canada that have two—the two of us competing against each other and that's a huge advantage. And that can be reflected in the production levels to the other communities that don't have us both.

2008 was a really tough for all of our suppliers across Manitoba, not just the equipment suppliers. We personally operated at a huge loss and we had to decrease our staff by 40 percent. Things have picked up, and the last few months especially. But, without long term stability, we'll have to—you know, our head office is saying, we'll still have to revisit our investments here.

One example that I'll bring to the table that I know when we did a presentation earlier on in the year, our Regina office had announced that they were pulling out. So, since then, not only has our operation in Regina pulled out, but also our competitor's has as well, leaving Regina with no equipment suppliers which has devastated their community. And the reason why we pulled out and our competitor's pulled out is because the government there was not acting in a proactive way. They acted in a non-active way on making their tax incentive competitive across Canada. It was no longer competitive, and their levels of production were dramatically showing that result.

The reason why we chose to stay in Manitoba even though we've been incurring losses, you know, increasingly over the last couple of years, is because of the faith in the new tax credit that was announced this year, and the fact that we knew, from our clients in Toronto and Vancouver and L.A., that if this was to happen, you know, Manitoba would see, again, a huge increase in production. We have a really positive reputation in the States and across Canada with our Canadian producers, co-producers, and American co-producers as a great community with great infrastructure, and that goes to the strong work force, not only creative, but hardworking sort of work force that we have here in Manitoba, and other reasons why I enjoy working here as a technician compared to working in Toronto.

Wearing my other hat, as a member of Manitoba's very specialized industry work force, I work also as a gaffer, as a key grip, a camera man, on set. And our—so just speaking a little bit about the work force. Our work force went through a challenging last few years. In 2009, we estimate that we lost at least a quarter of our skilled crew members due to loss of production. If I could put those numbers into more human terms, the members that were or are leaving the province or the industry are the highly skilled, highly talented workers with the most transferable and desirable skills. So people that we've invested in and trained here, if there's production elsewhere across Canada, it's very easy for them to go and get that work. To bring them back, you know, we're achieving that now, but there's still, you know, with a more sustainable industry and continued growth, they'll all come back. Home is where the heart is, and they've all let that be known. It's just a matter of they have to follow the work.

So, just to catch up, our crew not only working hard to forge a full-time career in this industry and in this province, they are forgoing higher-paid positions in other jurisdictions in order to do this. Plus, when not employed on big film sets, invariably we'll find most can be found working for little to no pay on low-budget productions. I'm a prime example of this. If you were to ask them why they do this, I'm sure none of them would cite the chance of some day they walk down the red carpet; all of them would probably say something along the lines of, it's what I do. Some days you choose your career, and some days your career chooses you.

There's a lot of people in the industry that are very passionate about working hard and has a very

specific skill set that, even though some of the skills are transferable, the nice thing about the—this industry is that it brings a creative and a technical crew force together to, you know, help promote Manitoba. And, basically, one of the notes that I often hear on set is, sometimes you find, you know—someone once said, you find a job you love and you'll never work a day in your life. And that's why a lot of the people here want to stay here and work in this business in Manitoba. There you go.

Mr. Chairperson: Thank you very much. If—you have another part?

Ms. Walker: I'm sorry. Yes, I do.

Mr. Chairperson: Go ahead.

Ms. Walker: Have I run out of time?

Mr. Chairperson: We're close.

Ms. Walker: Okay. A few facts, then. The industry created 1,600 full-time jobs over the last five years, with the exception of the last year, for a total of 8,000 jobs from 2003 to 2008. We've contributed 365 million towards the GDP of the province. These benefits haven't been limited to Winnipeg. Two hundred—oh, I'm sorry—\$34 million in GDP and 120 full-time jobs were created outside of Winnipeg; communities like Hartney, Tyndall, Brandon, Selkirk, Gimli, Churchill have all seen major productions come and shoot there—leave so many behind.

Two other facts that I wanted to share with you. One is our industry can't be beat for its promotional value for the province. Images of our province have been on film screens and television screens around the world. You can't beat that. The other is that we are an industry that are sort of setting the province up for a future in the knowledge-base industries. Our industry is changing and we're really excited about where that might be headed. Without a strong and skilled work force to sort of help us bridge into that new period of digital media, this industry—or this province will fall behind, competitively.

We're also very interested in seeing where the province is continuing to invest and stimulate the economy for the future, and we believe that, as it evolves, that our industry will continue to create creative jobs and benefit the cultural, communications, education and innovation sectors.

So, just to summarize, this new spend-based tax credit—part of our tax credit—is already stimulating new production. It's already making Manitoba more

competitive in our industry. It's creating and maintaining jobs, and it benefits the entire industry, from the producers through the service and goods suppliers and our work force. And, finally, it's our understanding from our calculations and from the Province's Finance Department that this is revenue neutral. It's not costing the Province anything more, and we can see from our presentation that it has already had a huge impact.

So thank you. If there's any questions, we'd be happy to answer them.

Mr. Chairperson: Thank you very much, Ms. Walker, Mr. Morrison, for your presentation this evening.

Questions for the presenters?

* (21:10)

Mrs. Stefanson: Thank you very much, Tara and Steve, for coming out and presenting to us tonight. I don't have so much a question, but maybe just a comment. And we certainly as Progressive Conservatives have been very supportive of the film industry over the years, and I believe we first brought in the Manitoba film tax credit back in 1997. And, certainly, we are very supportive of your industry. We recognize the kind of impact that you have on our communities, and very much look forward—or look to—or appreciated you coming and briefing us the other day with Phyllis and it was great to meet you and her. And we look forward to, you know, meeting with you in the future and seeing all the exciting things happening in your industry. So thank you for what you're doing.

Mr. Chairperson: Any comments?

Mr. Gerrard: Also just want to thank you for what you're doing for the industry and indicate that we're very supportive.

Ms. Wowchuk: I, too, just want to thank you for your presentation and sharing your industry with us. And I'm still—I'm looking forward to the day when I can come onto one of your sites.

Floor Comment: We're looking for that date.

Mr. Chairperson: Thank you very much for your presentation, to both of you.

As—all right—order, please. As previously agreed, this committee indicated that it would be willing to revisit the sitting time here this evening once we reached the 9 p.m. hour, and since we're slightly past that, the Chair asks what the will of the committee is

with respect to the sitting time this evening. I've been advised that we have, perhaps, seven presenters left, unless there's other members of the public wishing to make a presentation that I haven't canvassed yet. So I'm asking the members of the committee what the will is.

Mr. Goertzen: Yes, and as anticipated, probably born to the fact that our committee system, I still believe, is flawed in terms of how presenters are dealt with and not dealt with in a professional manner by giving them specific time slots so that they can organize their life, there are a—and some of the presenters mentioned that in their own presentations. There are a number of presenters left to present, and there is some who have left who've indicated to me that they were going to leave because they were unable to sort of plan their lives around this system, but they'd like to present tomorrow. And we have that scheduled date for tomorrow, and there are also some presenters who weren't here.

So I think it would probably accommodate everyone, since we already have the committee scheduled for tomorrow, if we simply hear those presenters who are left and then not call those who are not here a second time, because that would eliminate their possibility to present tomorrow, which I'm sure that's not what the minister is intending to do. So why don't we—we can call names once, if they're not here, and then go on to those who are here. But then, when we get to the end of those who are present, not call all of those who aren't here a second time, which would eliminate their chance to present to the committee tomorrow night, which I'm sure is not the minister's intention.

And that will satisfy everybody's, I think, desire. Those who are here can present; those who aren't here today can present tomorrow, and perhaps me and Mr. Martindale can meet with our respective House leaders tomorrow to move forward on a process to better this committee system, which he seems motivated to do. I seem—I am motivated to do, and maybe the last three years of poor negotiation from the government has come to an end. I look forward to that change and maybe the change will be in place for tomorrow. I thank Mr. Martindale for his agreement on and talking to the House leaders and changing the system.

Mr. Chairperson: Before I proceed to Mr. Martindale for his advice and comments, I just wanted to remind all committee members that the

notice meeting for the Standing Committee on Social and Economic Development that was posted on the bulletin boards in the halls of the Legislature indicated that the meeting for Thursday, June 3rd, 2010, was on an if-necessary basis. It wasn't necessarily scheduled but only if necessary and we had not proceeded through the presenters that were here. So, just, I indicate that for the information of committee members.

Mr. Martindale: What we want to do is follow the rules, which say that if there's 20-plus presenters, that we normally sit to midnight. I've been here for twenty years and I've never known the opposition to want to shut down a committee at 9 o'clock at night after only three hours of sitting. And we're here to work. We want to hear from the public. The official opposition may want to go home and put their jammies on, but we want to stay here and work and we want to hear all the presenters. There are very few presenters left. They've been waiting since 6 o'clock and they deserve to be heard—to be heard, and it won't take long and we intend to hear them. And it's not up to the—to any MLA, whether it's government or opposition, to send people home and say, oh, we're going to sit tomorrow night. That's a decision of the committee and—[interjection] Well, the member for Steinbach (Mr. Goertzen) said that people told him that they want to come back tomorrow, and he said that was okay so—but people should be—get their advice from the Clerk's office and from the notice on the notice board, not from an individual.

Normally, people stay here and expect to be heard, and that's what we intend to do tonight.

Mr. Goertzen: Perhaps it's a by-product of the member being here for 20 years that he's forgotten that other people have different ways of leading their life, and some people have jobs that they need to be to at early in the morning, some people have families that they need to get home to put into their pyjamas. I have a three-and-a-half-year-old and I would love to be putting him into his pyjamas as he goes to bed about now, but I'm committed to being here. But I don't expect the members of the public who have those commitments to have to stay here. So I think it's the height of arrogance to come to me and say that I should've told those individuals, who have responsibilities beyond the Legislature, that they should sit here and wait their turn when we can't—when we as legislators can't come up with a better system that exists today.

And I'm sorry that the member for Burrows (Mr. Martindale) has such high disrespect for members of the public who have lives that are quite different than the Legislature.

I have never said, and I do not—I want every presenter that's here today, I want to hear them. If they've stayed this long, they should be heard.

What I did say, and perhaps the member missed, and I'll give him the benefit of the doubt, is that after they've been heard, those who aren't here—he knows the rules as well as I do—if they get called a second time, they're going to be eliminated from being able to speak tomorrow, and that is wrong.

So let's hear the presenters who are here tonight, until they're all—have had their say, but let's not call for a second time those who are absent, and prevent them from being able to present.

So I think maybe we are on accord. Maybe we have—are saying the same thing and are just saying it a different way. So let's hear the presenters here tonight and not call those who aren't here a second time, which would eliminate their ability to come tomorrow night.

Ms. Wowchuk: Mr. Chairman, we're having a debate over the rules, and that really shouldn't be having—be happening at this table. We have people here from the public who are waiting to present, and I would suggest that we proceed with those presentations.

Mr. Chairperson: Is it the will of this committee that we continue through the public presentations for anyone that's here with us and they wish to present? Is that the will of this committee? *[Agreed]*

We'll continue through the list, then, as we have here before us. And the next presenter I have registered to speak here this evening is David Sanders, private citizen.

Welcome, Mr. Sanders. Please come forward, sir.

Do you have a written presentation, sir? Just give us a moment to distribute—Joy, if you will, please—and then we'll give you the signal to proceed.

Mr. Vice-Chairperson, if you could take the chair for a moment, please, and, Mr. Sanders, if you would proceed when you're ready, sir.

Mr. Vice-Chairperson in the Chair

Mr. David Sanders (Private Citizen): Mr. Vice-Chairperson and members of the committee, as you know, Bill 31 contains amendments to various statutes, as required to implement the measures announced in the 2010 Manitoba budget. I've asked to appear this evening solely to express my personal support for clause 1 of part 1 of Bill 31, which amends The Balanced Budget, Fiscal Management and Taxpayer Accountability Act.

Clause 1 suspends the balanced budget requirements from April 1, 2010, until March 31, 2014, or such earlier year for which the net result is positive.

I personally object to so-called, quote, balanced budget legislation as an unnecessary and misleading restriction on the fiscal powers of the provincial government. It is very important that the government revenues and expenditures be accounted for properly and displayed publicly and scrutinized carefully. But decisions on the appropriate levels of taxation, of user fees, operating expenditures, capital investments, debt repayment and reserve funds are all public policy decisions for which the government of the day is responsible and accountable to the Legislative Assembly and, ultimately, to the citizens of Manitoba.

* (21:20)

In my view, such key decisions ought not to be confined by some impersonal and simplistic formula, whether it is an annual calculation or, as now, a rolling four-year average, and whether it is cast in stone or, as now, subject to discretionary adjustment for, quote, unanticipated events.

The fact is that such legislation can be changed; it has been changed and is now being changed once again in order to accommodate the current policies and priorities of the majority of the members of the Legislative Assembly. In this particular case, the government is choosing to respond to the challenges of the recent global recession and to foster economic recovery by borrowing in order to maintain and increase expenditures on health care, education, policing and family supports, infrastructure and innovation to stimulate economic growth and create jobs and affordable housing, community facilities and taxation levels.

I personally agree with those priorities and, therefore, I wish to register my support for the proposed amendment to the balanced budget legislation. Thank you.

Mr. Vice-Chairperson: Thank you, Mr. Sanders.

The floor is open to questions.

Mr. Cullen: Thank you very much, Mr. Vice-Chair, and I thank you very much for your presentation. Certainly, the government is giving us the indication that we're in, you know, tough economic times here in Manitoba, and, as a result, they're being forced, if you will, to spend more money than they're taking in.

I wonder what your comments are. In the last 10 years, we've been in relatively good economic times here in Manitoba, and the government has still seen fit to spend more money than they're taking in. You know, the debt of the province has increased, you know, by several billion dollars over the last 10 years. So I just want to get your comments on, you know, the tough economic times that the government tells us in, where, at the same vein, they've been overspending in the good years as well. How do you reason with those two inconsistencies?

Mr. Sanders: Your question contained a number of assumptions, that we have been overspending, that—the reality is that the government is proposing to spend in excess of half a billion dollars more than it's taking in, has done so last year, proposes to do it this year, almost that amount the next year and then less.

Now, at the same time, if I understand the legislation and the numbers correctly, the average surplus over the last four years has been \$253 million. I'm sorry that the minister is not in the room right now, because I was going to ask her to perhaps comment on it, because, as I understand it, as the legislation is currently written, the government could certainly run another deficit this year, but not as big as this without being not in compliance with the legislation, and the fact that they could do that is because there have been surpluses in prior years.

The separate question about borrowing to invest in—whether they are hard objects, like infrastructure, or they are an investment in education or in programs, is a matter of, I guess, a political view and persuasion, and personally the kinds of things which are proposed to be—are highlighted as being the focus for this year's budget are ones that I personally support, and I have no problem with the idea of the borrowing in the range that we're talking about at this time.

My point, though, on the legislation is that, as far as I'm concerned, the government of the day is responsible for its budget and should be able to

present it as it sees fit, defend it, and live or die by it, and should not be either constrained by legislation such as this or mislead people into thinking it's constrained by it, when, in fact, it's changeable every time it chooses to change the law, which is what's happening here. I think it's just serving, as others have said, who may be in support of the balanced budget legislation that the effect of this is to make it ineffective. Far better that the government of the day is responsible for what it does and accountable for it.

The provisions which, I think, have been developed in the last three years to make the budget process more transparent to the Legislature and to the public is highly desirable, and I would support that.

Mr. Cullen: Well, thank you. I guess the point I was making, that the government is blaming the so-called tough times as an excuse to borrow more money when, in fact, recognize that the debt of the province has increased by several billion dollars over the last 10 years during—in the good times, when there was really no excuse to overspend. Now, I use the term "overspend," the fact that we're borrowing more money, that was the point I was trying to make.

Mr. Sanders: I guess my response is that, you know, borrowing more money, whether it was necessary for the purposes which is done is a matter of opinion, or political opinion, as to whether what was done with that money in terms of investment, whether it is in affordable housing or Neighbourhoods Alive! or in the MTS Centre or all the things that governments have done over the last few years, is a matter of opinion. And that's what's happened.

Mr. Cullen: Thanks. Just to clarify, then you're saying possibly this particular legislation isn't required. This particular change isn't required?

Mr. Sanders: I'm sorry. I believe it's required in the sense that the legislation does require the Minister of Finance (Ms. Wowchuk) to present a budget which results in a positive balance at the end of the current year. Okay. And, in order to present the budget which the minister has presented, she could not present a positive balance at the end of this year. So, in order to present the budget that the government of the day, today, wished to propose, it was necessary to amend this legislation.

And it's quite apart from the penalties at the end of the year if you fail to meet the target. You must present a budget according to the existing law that is designed to produce a balance as it is defined in the

legislation. I think the minister started to say that earlier this evening.

Hon. Stan Struthers (Minister of Agriculture, Food and Rural Initiatives): Thank you, Mr. Sanders, for your presentation and for your advice. That is exactly what the minister was saying earlier. I think she made it very clear.

I take it from the conversation that you've just had with my colleague across the table that you would be in agreement with the approach we've taken for the last decade in terms of balancing the budgets. But, whatever small surpluses, whatever reasonable surpluses we could get, we pushed into the Fiscal Stabilization Fund and then used it to hit the priorities such as health care and education and others that you've listed in your presentation.

I take it that's an approach that you would approve of.

Mr. Sanders: If you asked me personally, I would have borrowed more. I would have done more to reduce poverty, child poverty in this city. I would have done more to assist the Aboriginal populations to be even better and fuller partners with us. And I could go on, but that's not what the bill is about other than the ability of the government of the day to follow those priorities, such as they are.

Mr. Vice-Chairperson: Thank you, Mr. Sanders.

Next I call Wayne—okay. I just want to announce we have a new presenter, Michael Deluca. You will be added to the bottom of the list.

I call Mr. Wayne Anderson.

Good evening, Mr. Anderson. Do you have any written materials for the committee?

Mr. Wayne Anderson (Private Citizen): No, just my notes. Thank you.

Mr. Vice-Chairperson: Okay, sir. You may proceed.

Mr. Anderson: Mr. Vice-Chairperson, Madam Minister and members. I'm an independent businessman, and as I enter my 70th year, I'm still working, without a pension, never mind a COLA clause. And I'm here to speak against the changes to the balanced budget legislation.

Actually, I'm here appearing on behalf of my new granddaughter who turned three months yesterday. And I guess I'm going to begin by asking

a question, and the question is, does government debt matter? And the answers seems obvious. Of course it does.

You know, there's a lot of Keynesian-based mythology about the fact that government debt doesn't really matter, you know. That you, we're buying, we're borrowing it from ourselves. But in the case of provinces, we don't. We borrow it from outside, and it's exactly the same as a family debt which has been referred to a number of times this evening.

* (21:30)

Manitoba experienced a really sharp lesson in that in the early '80s when the government of Manitoba borrowed a lot of money offshore in Swiss francs and German marks and yen at very low interest rates in a very high interest rate period. And then, *malheureusement [unfortunately]*, the Canadian dollar depreciated, and it took 30 or 40 million dollars to unwind those borrowings, subsequently. And that's all because, of course, lenders expect to get paid. People also tend to confuse provincial debt with federal debt and the major difference, of course, is that federal, sovereign countries have currencies which they can debase and inflate their way out of debt. Now that has a whole other set of costs other than having to pay the money back, you're paying it back on a reduced basis, but there's all kinds of other costs.

The countries of Europe, particularly Greece, are learning this lesson as we speak. When Greece went into the European Common Market and adopted the Euro, it gave up its sovereignty over its currency. So just like Canadian provinces, Greece suddenly found itself in a situation where it was responsible for its own debt because it couldn't inflate its currency out of its debt position.

In order to protect the currency, of course, the other European nations, as was referred to earlier this evening, created a bailout and that's an interesting parallel with what's happening in Canada. We have Québec and a few other provinces, particularly Manitoba, who I would suggest are also on the Grecian formula. Except in our case, no one is going to bail us out.

Germany was very reluctant to contribute and initially was going to contribute a lesser amount until the market said that wasn't enough and the Euro was going to get pounded. Why was Germany reluctant? Well, they were reluctant because in Greece, the

citizens of Greece retire earlier, have more vacation time, have better pensions, et cetera. And I think today, in Canada, the parallel is with transfer payments: Ontario, B.C., Alberta, Saskatchewan, I think perhaps even Newfoundland now, are talking about changes to the equalization system because the provinces receiving equalization have higher levels of service than the provinces contributing the equalization.

So, when I think about Manitoba and its whatever it is—\$23 billion in debt, grown from 12 over the last 10 years—and I look forward and I say, gosh, what happens if Ontario, Alberta, B.C., Saskatchewan and Newfoundland say, we're not going to pay equalization until the receiving provinces reduce their levels of service to the Canadian average or at least to the average of those contributing provinces? I think it's a big problem that's coming.

There's been a lot of talk earlier this evening by other presenters about taking out a mortgage and yes, you have to do these kinds of borrow money when you have tough times, but those individuals neglected to say that they pay it back. The Province of Manitoba doesn't seem to pay anything back. *[interjection]* It's not true? Maybe I'm not sophisticated enough to understand the numbers. It seems to me, 10 years ago, the provincial debt was 12 billion and today it's 23.4 or something like that. If we'd paid it back, how does that square with those numbers? Or am I missing something?

We're also sitting in a situation with potentially rising interest rates. My personal opinion is that they're not going to rise very much because I think there's still deflationary pressures in the Canadian economy and the U.S. economy. However, it could happen. I've been wrong before. That was in 1947, but I've been wrong before.

I mean, even with a balanced budget, my granddaughter and her peers are going to have to pay the interest on the 23 billion. And I guess I just have to say that to run deficits over the last 10 years, to grow the debt from 12 billion to 23 billion, when we have, essentially, full employment in Manitoba—and it's like 4 and a half percent or something like that, always among the lowest in the country—large transfer payments from the government. To run and accumulate deficits over a period like that, as far as I am concerned, is immoral. I'm sorry, it's immoral. It's an unfair, intergenerational transfer of funds. You're

putting this obligation to pay this money back on my granddaughter, and, frankly, I don't like it.

In a period like the last 10 years, to run and accumulate this kind of deficit, those are decisions of choice. There's no crisis in Manitoba. We don't have significantly lower revenues. In the 1990s—in the early '90s, in that recession, we not only had lower tax revenues, but we had subsequently reduced federal transfer payments as Mr. Martin balanced his budget on the backs of the provinces.

Okay, we had actually real revenue decreases. We currently have revenue increases. The problem is we're not making responsible decisions. We're increasing our spending more rapidly than the income is increasing. I still say it's irresponsible.

Franklin Roosevelt said expansion and spending programs are politically popular, while tax increases—and I would include program cuts—are not. Those are hard decisions, but that's what you guys are elected for. Is this supposed to be—is this your legacy? Is this the legacy you want to leave my granddaughter, with a \$23-billion debt and growing?

Making politically expedient decisions about programs and taxes is irresponsible. The debt structure we have and the rate of growth of the debt—excuse me—the debt structure we have is unsustainable. People talk a lot about sustainability. Well, this debt burden on this province growing at the rates it's been growing is unsustainable. So do the responsible thing. Reduce spending, balance the budget and do what's right for my granddaughter.

Thank you, merci, miigwech.

Mr. Vice-Chairperson: Thank you, Mr. Anderson.

Mrs. Stefanson: Thank you very much, Mr. Anderson, for your very impassioned presentation tonight, and, certainly, I share with you your concerns about our future generations here in Manitoba. And I think of my own kids, and really this will fall into even my grandkids as well and the situation and where we're going with respect to the debt in this province. And it is scary. And you mention what's happening in Greece and, you know, that we are moving in this direction, and it is scary. And what does it really mean for our kids and grandkids? And that's—you've really quite well and eloquently laid that out.

I wonder if you could indicate—Mr. Anderson, if you could indicate—of course, we know that, with the increase in debt, also there's the increase in servicing

the debt, and especially as interest rates rise, the, obviously, the servicing of that debt is going to rise as well. And I'm wondering if you could indicate what that does from a government, as that starts to encroach on revenues for the Province to be able to spend on front-line services that are very necessary for things like health care.

* (21:40)

Floor Comment: Well, that's the responsibility—the responsible thing to do—

Mr. Vice-Chairperson: Mr. Anderson, I have to recognize you before you start.

Mr. Anderson: I'm sorry. Thank you. That's the responsible thing to do, to control expenditures so that the debt is reduced, and the interest that's paid on it is then available for program spending and on the things that everybody would like to have that have been mentioned by other presenters. I'm not against health care; my God, I serve on the St. Boniface Hospital board.

You know, these things are all apple pie and motherhood, but the rubber hits the road when the debt gets so big that you actually have a crisis, and that's what Greece has and that's what Mr. Martin had in the early '90s, and Wall Street made his decision for him. They wouldn't lend him any more money.

Mrs. Stefanson: Just to follow up on that because the government says that, you know, they're not going to balance their books on the backs of front-line workers, et cetera, in our province, but, you know, what they're doing is they're increasing the debt so significantly that that will—and I think what you're saying is that that will effectively affect our front-line services, will it not?

Floor Comment: Well, it has to—

Mr. Vice-Chairperson: Mr. Anderson.

Mr. Anderson: Thank you. Eventually, it has to. Somebody, I believe, mentioned earlier that the current debt service is one of the largest budget items. Is that correct, or did I just misunderstand?

Mrs. Stefanson: The debt servicing is actually the largest increase over last year, almost double that of the increased expenditure of health care.

Floor Comment: I'm sorry, it's the largest, the largest increase in expenditures—

Mr. Vice-Chairperson: Mr. Anderson.

Mr. Anderson: Sorry, I keep jumping the gun. I apologize. So it was the—the increase in debt service was the largest increase in budgetary items. But what's the magnitude of the debt service? And what percentage is—I mean, I don't know. I haven't time to spend hours and hours poring over these numbers, but, sure, obviously, the larger the debt service gets, the less money there is to spend on program.

Mr. Cullen: Just want to confirm—maybe confirm here your message here. In—the provincial budget has basically doubled in the last 11 years. I mean, we've gone from just over 5 billion to, you know, to very close to \$11-billion provincial debt, so your point is well taken that we—we're taking in more revenue than we've ever had in this province before, but, for some reason, we continue to spend more than we're taking in. So I think what you're saying is we really have a spending problem here in the Province of Manitoba.

Floor Comment: I think so.

Mr. Vice-Chairperson: Mr. Anderson.

Mr. Anderson: Sorry, I think so. I think that you folks collectively were elected to make hard decisions, and I don't think you're making them. I'd like everybody to have everything and every possible service and—but it's not possible. It's not possible in our private lives and it's not possible for governments. You know, eventually, there will be a crisis when the debt's 50 billion on a, you know, \$21-billion budget when—I don't know when it's coming. I said earlier, though, that I think there's a transfer payment argument that's coming down the road, and, if you guys aren't paying attention to it, you better—I think you better fasten your seat belts because I don't think the contributing provinces are going to keep contributing when the receiving provinces have higher levels of service than they do.

Mr. Vice-Chairperson: Okay. Time for the presentation has expired. I thank you for—call Mr. Braydon Mazurkiewich. Mr. Mazurkiewich not here? Drop to the bottom of the list.

Call Mr. Howard Rybuk. Howard Rybuk. Will be dropped to the bottom of the list.

Call Ms. Kathy Litton, Joint Canadian Tanning Association.

Ms. Litton—

Ms. Kathy Litton (Joint Canadian Tanning Association): Yes.

Mr. Vice-Chairperson: Do you have any written materials for the committee?

Ms. Litton: I have written materials, not my presentation, but a submission.

Mr. Vice-Chairperson: Okay.

Ms. Litton: There's, yes, 20, 21.

Mr. Vice-Chairperson: Okay, you may proceed.

Ms. Litton: Thank you. A little shorter than everyone else.

Good evening. My name is Kathy Litton, and I am a Manitoba representative of the Joint Canadian Tanning Association. As well, I'm the vice-president of Tan FX Sun Tanning Studios, which is a Manitoba-based franchise corporation.

With me today is my colleague from the JCTA, Kelly Karam, and I want to begin by thanking the committee for the opportunity to present today on an issue of significant importance to our industry: the collection and remission of retail sales tax on light-emitting tanning services.

Before we begin, however, I'd like to take this opportunity to tell you a little bit about ourselves. Our association, the Joint Canadian Tanning Association, was founded in Manitoba in 2002, by professional salon owners who wished to increase professional standards and interindustry co-operation.

In the past decade, we have grown to include the majority of the nation's leading indoor tanning companies, and we currently represent approximately 80 percent of the current revenue for tanning services in Manitoba.

As a group, the JCTA has never shied away from our obligations to either our clients or the government, and that's why I want to be clear from the outset that the Joint Canadian Tanning Association and our Manitoba members support the collection of provincial sales tax. We understand the challenges that the government faces in terms of finances, and we're ready and willing to do our part to address this challenge. Our concern is not the tax, per se, but rather how it will be applied as currently written in legislation.

Tan FX, like most JCTA members, is a professional salon. As such, we offer our clients a range of services including both sunless and traditional indoor tanning. We also sell a range of

tanning lotions and sunscreens. This mix of services is part of the core business model of the professional salon industry in both this province and across the country.

Our locations face significant challenges adapting to the new RST requirement when it applies only to one aspect of our business. For example, when we offer a client a product or package which include both light-emitting indoor tanning services as well as sunless tanning services, how do our staff easily separate and apply the tax?

Moreover, our members are telling us that in many cases the existing cash register technology used in their salons, and that varies, but it's not adaptable enough to be changed quickly and easily to accommodate the introduction of RST in July. Indeed, we have heard from our grass roots that both the cost of the technological change and the speed in which it must be implemented is preventing them from being prepared to collect the tax effectively. We anticipate that this will cause confusion amongst our staff and result, likely, in errors around the collection and remission of the tax in general—errors which will cost both our members and the government money.

Mr. Chairperson in the Chair

We anticipate—however, we have a solution, one which will most likely be different than that of most groups speaking about taxation today. We would like you to extend the proposed scope of the tax to all indoor tanning services. This would address our concern of confusion in terms of collection and remission and also greatly increase provincial tax revenues. It is also what every other province has done in terms of extending sales tax to the indoor tanning salon industry. This simple change will have the effect of greatly enhancing provincial revenues which also—while also creating effective and seamless systems for our members as they fulfil their responsibility under the law.

In closing, I would like to thank the committee again for their time tonight, and I would be happy to answer any questions the members have in relation to our position on Bill 31.

Mr. Chairperson: Thank you, Ms. Litton, for your presentation here this evening.

Questions for the presenter?

Mrs. Stefanson: Thank you, Kathy, for being here and, Kelly, for being here as well. I just met Kelly at

one of my community leaders lunches the other day. So welcome to both of you and thanks for taking the time out of your schedule. I know it's late and that you're here tonight. But thanks for sticking around and being here. And, again, hopefully, we can change the rules so it's a little bit more family-friendly for the future.

But I did want to ask you, and I know that you say that you have no problem contributing to taxes and contributing to the community and that sort of thing. But that this brings in—sort of complicates, I guess, the system within, that you work with within your organization. Would it be less complicated if this just didn't exist at all? And there are other ways that, of course, you can contribute to the community. And, if we just didn't have this proposed tax at all, would that achieve the same simplification that you would need?

* (21:50)

Floor Comment: I mean—

Mr. Chairperson: Ms. Litton.

Ms. Litton: Sorry, I think it's a tough question to answer. Obviously, that would be wonderful. I'm not sure that's realistic or logical right now at any rate. A lot of our clients sort of felt they were already paying the tax anyways. It wasn't the introduction of the tax. In fact, we did a huge—I know Kelly and I both, at all our locations, did kind of an asking around, and just sort of found that, yes, most people thought that they were paying it anyways. So would it be wonderful? Sure. I'm sure it would be great, but I'm not sure it's logical at any rate.

Mrs. Stefanson: Well, and I think it, you know, it could be and, you know, the thing here is that I think most people are used to paying taxes on services because we're taxed on everything out there. So, I mean, I think that sort of, in our day-to-day lives, they, you know, people sort of think that, okay, well, I'm probably already getting taxed because the government's taking a lot of my money as it is anyway. So I do see that, but I think if it achieves the same thing that there certainly are other ways that you can achieve your goals through your organization in terms of contributing to the community. And there are many ways of doing that through other non-profit organizations or through awareness campaigns or all of those types of things, and that, of course, would free up the money for you to be able to have those kinds of campaigns.

So I'm wondering if you would agree with that. Is that something that, you know, if this didn't exist, I mean, would it be something that your organization would look to do, maybe, to host or hold, you know, some awareness campaigns about what it is that you do and contribute to the community in other ways rather than just giving it to the government that seems to want to spend it in their ways, which we don't necessarily believe is the most appropriate way for Manitobans?

Ms. Litton: I mean, obviously, if it wasn't there, and we—you know, we contribute to community organizations anyways; that's a huge part of what we do with both of our organizations. So, yes, obviously, there are other places we could be putting our tax dollars, I'm pretty sure. So I would agree that certainly we'll be putting forth campaigns of our own anyways, but I would certainly agree that that money would definitely help our organization, the JCTA, most definitely.

Mrs. Stefanson: Well, again, I want to thank you guys for being here tonight and, again, for taking the time out of your busy schedules for being here. And I think, and I would encourage you to continue your work and, you know, on the education side, and certainly being stellar members of the community as far as contributing to the community. And I believe that there are other ways to do it other than increasing taxes and—because that could affect your consumers as well. And so I encourage you to do that, and I thank you once again for being here tonight.

Mr. Gerrard: Thank you for your presentation. But I'd like to give you an opportunity to explain a little bit more why making the change from a tanning service as uses a device to produce ultraviolet radiation to indoor tanning service will actually reduce the technological cost of system upgrades by 95 percent, why this works for you.

Floor Comment: Right. I—

Mr. Chairperson: Ms. Litton.

Ms. Litton: Sorry. I do think—and that's a fairly easy point. What we did was, in anticipation of the tax, our program is solely U.S.-based. A lot of the programs that we're using right now—or that 75 percent of our members are using is built in the United States. And so we've only recently been using it in Canada, whereby they have let us know that, from a technological standpoint, they can make certain adjustments for us to the cost on a high end of

about a thousand dollars per location; low end, about \$750 per location. So I think when we looked at the cost that the technology upgrade would cost us, and we kind of looked at the implementation, it—sort of the ease of the tax on all tanning services just made sense, and it far outweighed the tax ramifications.

An Honourable Member: Okay. Thank you.

Ms. Wowchuk: Thank you very much for your presentation, Kathy, and it's interesting to note that you said people thought that they were already paying taxes on these services. You also—I know that you have been working with my department and I think your association has had two meetings with the department already. So I think that, by continuing that process and working with our staff, we will be able to work out the issues that you have identified here. Thank you for your presentation.

Floor Comment: Thank you, thank you.

Mr. Chairperson: Thank you, Ms. Litton. Thank you for your presentation.

The next presenter we have on the list is David Enns, private citizen. Is David Enns with us this evening? David Enns? David Enns' name will be dropped to the bottom of the list.

The next presenter is Andrew Nichol, private citizen. Andrew Nichol.

Good evening, sir. Welcome. Do you have a written presentation, sir?

Mr. Andrew Nichol (Private Citizen): No, I do not.

Mr. Chairperson: Please proceed when you're ready.

Mr. Nichol: Okay. First off, I'd like to thank you for being here this evening. I recognize that's the first warm evening and dry evening that we've had in over a week, and much clean-up to be done for all of us.

I'd like to start off tonight with a presentation. For the first time in over a decade, it appears that Manitoba is headed for a period of sustained deficits, deficits that many feel could have been avoided or, at the very least, reduced through prudent fiscal management.

Under the Doer administration, balanced budgets helped define the NDP's balanced, centrist approach to governing. During the start of their session, we're told that Manitoba was weathering the storm better than anywhere else in the country and was somehow immune to the deficits were affecting other

provinces. There may have been some element of truth to this claim. We were less vulnerable since we have less dramatic economic cycles since we don't have either a resource-based economy similar to Alberta or a manufacturing base similar to Ontario, so we don't have the same vulnerability, same imports and fluctuations due to currency changes.

However, this stability also carries with it its own elements of risk. When our economy slumps, government moves—or government moves us to a structural deficit, both of which, I feel, we are currently experiencing. It becomes far more difficult for us to recover since we don't have the same robust economic rebounds. For this reason, strict balanced budget legislation makes sense for a province such as Manitoba, since, once we get into the structural deficits, it's very, very hard for us to recover. Simply put, we cannot allow our province to fall into deficit and hope our painless exit the way this budget seems to indicate.

Since we cannot count on the same robust economic recoveries, we need to practise fiscal austerity at all times, not just during economic hard times. This restraint must start at the ministerial level if there's any hope of it being reflected through the civil service.

Amending balanced budget laws to sidestep administrative accountability and reduce the financial burden for elected officials sends the wrong message and reflects a culture that would rather avoid personal responsibility and make difficult and sometimes painful decisions for the good of all Manitobans.

As a student who will be entering the work force in the coming years, I have serious concerns with this government's reference to speed through with impunity and change the rules to avoid existing accountability mechanisms.

Further reason why balanced budget legislation has such tough consequences for sustained deficits is a realization that government debt is a burden on the next generation. My generation wants to have the same opportunities to build and shape society that our parents enjoyed. However, this will not be possible if we're shackled by the debt that you recklessly accumulated while trying to make politically expedient decisions.

Presently, this government spends \$767 million per year to simply service our debt. With a growth

rate of 5.3 percent, debt-servicing costs are the second-fastest growing budget item behind education. As debt-servicing costs continue to grow in the coming years, we'll have to have monies diverted away from one—other desirable areas such as social programs, education, health and keeping our streets safe. It's not fair that our generation should have to bear this billion-dollar burden in the future so that the so-called leaders of the day can simply amend balanced budget acts to avoid a simple, minor pay cut over the short term.

The New Democrats have always represented themselves as a party for hardworking men and women, the party that can relate to the day-to-day experiences of working and honest Manitobans who pay their bills at the end of the day and work hard to raise a family.

For a household, when you fail to balance the books, there are consequences, things we must live without. For everyday Manitobans, we cannot simply change the rules when we mess up or come across hard times, and I feel government should be no different. However, this NDP government has shown a frightening trend of simply changing the rules to avoid personal responsibility and pushing the burden onto the backs of hardworking Manitobans, the most vulnerable, and people into the future. By shelving promised tax cuts, increasing user fees and cutting funding to adult education and children with disabilities, they show that they would rather pad their own pocketbooks than tend to those who really matter.

This is the NDP's third attempt in three years to find a balanced budget act that works for them. Hard to believe that this government is committed to a schedule that they've already set forth in this budget. The government has already broken its promise for holding a salary pause across the civil service by giving the nurses a 6 percent increase over three years, are committed to forging ahead with other reckless spending projects such as building the Bipole III line down the west side of Lake Winnipeg. What we are seeing here is an institutionalized culture within this government that lacks accountability and is unprepared to make the difficult decisions necessary to lead during trying times. If you are truly committed to returning to surpluses, we need strong leadership from our government, which shows Manitobans that our leaders are committed to bearing the burden during these trying times.

*(22:00)

I find it slightly ironic that, at the federal level, Leader Jack Layton has been clear in his criticism of the bank CEOs for receiving lucrative bonuses and how out of touch they are with everyday, hardworking Canadians. Yet, here in Manitobans' NDP government is the first ones to protect their pocketbooks and distance themselves from Manitobans who are still hurting from the recession.

I recognize that a 40 percent pay cut is dramatic by any measure. However, simply avoiding the consequences does not promote any accountability or increased incentive to balance the books. What I would suggest the government consider is implementing a sliding scale for reductions which reduces the pay cut in each year that the government attempts to reduce the deficit. For example, a 20 percent reduction of the deficit could translate into a 10 percent reduction on ministers' salary cut so that they would only face a 30 percent cut during the first fiscal year. This could be then compounded in future years, such that in the second year, for example, if they sustain that 20 percent salary cut, it would reduce their burn to 20 percent and 10 percent so forth.

This proposal would help create an impetus for reducing the deficit in a timely manner while promoting accountability and retaining the original tenor of balanced budget legislation. It's not by accident that many countries entrench balanced budget provisions in their constitution. When the going gets tough, it becomes far too easy to simply amend these statutes to suit the political milieu of the day.

One of the difficulties at the provincial level is we do not have this option to entrench our balanced budget laws in the constitution. Thus, we require added integrity and moral fortitude from our leaders to not simply amend the balanced budget act to protect their own self-interests. What we are seeing here is not real leadership. Rather, it is indicative of a culture of entitlement that exists when a government is well passed its best-before date. Avoiding accountability shows an administration that is not only governing out of self-interest and lost sight of the plight of everyday men and women that it's elected to represent; it shows a culture of greed.

I sincerely hope that this is not the case with Premier Selinger's NDP government. I would ask that the government set aside the blind rhetoric that

typically accompanies budgets and let your actions do the talking. I urge you to remove these changes from the balanced budget act or consider my proposed amendments that show accountability and require ministers to share in the economic reality of day-to-day Manitobans. Thank you.

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

Questions for the presenter?

Mr. Goertzen: Thank you, Mr. Nichol, for coming tonight and spending some time with us in this committee. You are one of the younger presenters that we've heard from tonight, and that's appreciated. It's nice to hear from young Manitobans. Probably your generation gets a bit of a bad rap for not being as concerned about balanced budget and fiscal prudence as, I believe, many of your generation are. Can you expand on that a little bit, or maybe your friends and those you associate with, do they feel the same way that you do, that you are concerned about the fiscal well-being of the province and what an overriding debt does to your own future, along with the province?

Mr. Nichol: I definitely agree with that statement. Talking to a lot of people, deficits are sort of the No. 1 issue. The financial crisis that we're currently experiencing is not of our making. It was our parents' making. We weren't involved in these investments that have driven us into this situation and so, having sustained deficits as a result, and governments which would rather try and ease us out over a longer time accumulate deficits and protect their own political situation, simply defers this onto us and once we come into leadership positions in the coming years, we won't have that same flexibility that our parents enjoyed. Most of our parents, they grew up during the post-World War II period, where there was rapid growth and social programs, and the sky seemed the limit for what governments could do. We are quickly realizing, with the European economic crisis, what's happening in the States, that that can no longer be the case. We cannot continue to rack up massive deficits and hope that some time in the future someone will be able to pay that off.

Like I was saying in my presentation, we have a \$767-million debt-service charge. If we continue to compound this deficit over how many years, it's going to reach over a billion dollars. That's a billion dollars that cannot be spent on things that we would like.

My parents' generation has had the opportunity to invest in programs, invest in services to suit their own interests and to build a society along the lines of what they felt was best. We would like to have that same flexibility and same freedom to pursue our own goals for Manitoba and Canada at large.

Mr. Chairperson: Any other questions for the presenter?

Ms. Wowchuk: I would just like to take this opportunity to thank you, Andrew, for putting this—your thoughts before the committee on the issues. And I guess I might—you, just like to ask you one question. You did say, I believe—you talked about the growth of social programs. Is there any particular program that you would suggest we should look at that shouldn't be there? You had talked about the growth of social programs, so I'm just—just want to be sure what you meant by that.

Mr. Nichol: Sorry. If I could just get a little clarification on that as far as what social programs we should be cutting or where we would—youth would like to see expansions?

Ms. Wowchuk: No. I had thought—maybe I didn't hear you right, but I thought you said that social programs were growing too quickly, and if you have some place that you could suggest or identify where you think that has to slow down.

Mr. Nichol: What we're seeing right now is over 5 percent growth rates within our core programs, and with revenue growth beneath that, I—it just simply can't be sustained from a mathematical perspective. If we can at least bring civil service salaries' growth in line with the cost of inflation—seeing the nurses get a 6 percent salary increase over three years is far above what the cost of living increase has been when we have inflation near zero, central bank rates near zero.

So if we can curb it and moderate growth—I'm not saying that we need to freeze growth across all programs, but if we just pay attention to how we're spending and try and bring them under control, so that during these hard times we can use it almost as an opportunity for growth, I think, if we can contain the spending and develop a culture of accountability and a little bit of thrift within our civil service. I don't necessarily think that's a bad thing, ensuring that everything that we spend on is merited. So I don't think it's cutting per se; it's just watching what we're spending.

Mr. Chairperson: Thank you, Mr. Nichol, for your presentation, sir.

Next presenter I have on my list is Paul Meyerson, private citizen. Paul Meyerson. Paul Meyerson. Seeing that Mr. Meyerson is not with us, his name will be dropped to the bottom of the list.

Next name is Michael Willcock. Michael Willcock.

Good evening, sir. Welcome. Do you have a written presentation? Please proceed when you're ready.

Mr. Michael Willcock (Private Citizen): Thank you for allowing me to speak on Bill 31, The Budget Implementation and Tax Statutes Amendment Act.

I am a student. I have graduated with a Bachelor of Science, and I'm entering first-year medicine at the University of Manitoba this fall. I'm also proud to be a Manitoban who can trace my roots back to the late 1800s in this province. I also hope to be able to call this province my home long into the future as well.

I'm here today because the proposed changes of Bill 31 concern me greatly and make me fear for the future of this province, for the long-term success and viability of this province is dependent upon a balanced budget and sustainable surpluses. We all know that the global economy is in a period of uncertainty, and even if you should believe the situation was not caused by irresponsible bread and circuses or spending, the economic climate of today is certainly not helped by the resulting debt of these past and present wasteful policies.

Manitobans require today, more than ever, a strong government willing to lead our province through this period of uncertainty. That is, Manitoba needs a government willing to be accountable for its actions and willing to act on behalf of its citizens.

The proposals found in Bill 31 basically amend to inefficacy this balanced budget legislation that has helped to make the province strong and has also helped Manitoba to fare relatively well in the current economic downturn. Under the original legislation, Cabinet ministers were held responsible, to the point of personal financial consequences, for failing to guide our province through difficult times. And this was by facing a 20 percent pay cut in the first deficit year and 40 percent pay cuts of the ministerial salary in subsequent deficit years.

Instead of continuing to hold ministers responsible for their management—a sadly shocking and novel idea for government, it appears, but to the private citizen an entirely reasonable concept—the government in Bill 31 is now proposing to protect ministerial salaries. Manitobans outside of this Legislature building face real consequences if they don't perform their duties, be it pay cuts, layoffs or termination. The proposals found in Bill 31 ensure that the ministers directly responsible for fiscal imprudence do not face any immediate tangible penalties for their mismanagement.

This year the government has added \$2.3 billion to our debt, and they're planning on running deficits for five years, totalling more than \$2 billion. In the age of trillion-dollar bailouts that we see on the news, we must never forget that this is a truly enormous amount of debt for Manitobans alone to be responsible for. Our province will so much further in debt that the only way out will be a dramatically increased personal tax burden.

* (22:10)

In this climate, what's prospects are there for the likes of me, a person who hopes to serve the public in this province as a physician? The current government doesn't plan to return to a surplus budget until 2014. Our western neighbours are planning earlier surpluses: Saskatchewan, in 2010-2011 fiscal year; Alberta, in 2012; and B.C., in 2013. Not only will Manitoba fare the worst of the western provinces, it appears, under these proposed budgets, it also becomes painfully apparent why the government has presented—with pallor—at the sight of the current and standing balanced budget legislation and proposed this completely self-serving amendment to it. And these—this amendment is most assuredly not in the interest of Manitoba.

The standing reduction of ministerial salary at 40 percent per year until 2014 might have encouraged the abatement of irresponsible spending, but instead of addressing the real problem at hand, the provincial deficit, Bill 31 has been proposed to cut the penalties and insulate the political class from the consequences of their actions. This is truly shameful.

Members of committee, I want to build a future in Manitoba; however, as I really and truly ponder my future undergraduate medical education and look further into the future to my postgraduate medical education and eventual practice and beyond, I find it difficult to find objective reasons to seek to remain in

Manitoba if its government will wantonly enact legislation which holds its ministers to a lower standard of responsibility than its private citizens, and then proceeds to punitively tax its citizens for this lower standard of governing.

I've only lightly touched on a few issues, but it's evident to me that the changes to the balanced budget legislation found in Bill 31 put the economy of Manitoba in jeopardy and the future of our citizens at risk.

Thank you for your time.

Mr. Chairperson: Thank you, Mr. Willcock, for your presentation, sir.

Questions for the presenter?

Mr. Goertzen: Thank you, Mr. Willcock, and we hope to be calling you Dr. Willcock sometime in the—well, maybe not near future, but in the years to come and, certainly, we would encourage you to stay in Manitoba. I can understand why you might have some reservations, given the current economic direction, but I would tell you that your services, when you're fully trained, will be well needed in Manitoba as they are today.

The minister has been indicating, not just in this committee but in this building, in different forms in the Legislature, that Bill 31, the BITSA bill, is really about trying to protect, in some ways, health care. And you bring such a unique perspective—somebody who is dedicated to the future of the medical needs of Manitoba. And you seem to be indicating that the increased spending and the debt actually is going to do more harm to the medical system in the long term as a result of the debt-servicing charge, and there won't be the ability to provide the resources to the medical system which you hope to work in and in which we hope you'll be working in in Manitoba. Is that a legitimate expression of your concerns, that this increased debt and the services charge will cause long-term harm to our health-care system?

Mr. Willcock: I believe that's an accurate way to summarize it. I believe the presenter immediately before me, Mr. Nichol, said it was something like \$756 million per year in terms of debt servicing. I can't see how that money literally disappearing for past services rendered, which have been put into our debt, can be beneficial to the province, to simply lose this money. We need to pay it back over the course of time, and to do so in a way that minimizes the interest will certainly be of benefit to the health-care system, I believe.

Mr. Cullen: And thank you very much for your presentation tonight, and I certainly wish you all the best in your education as you move forward.

And I just want to reflect a little bit on education. As the Education critic for the Progressive Conservative Party, I've been meeting with a lot of people in that field, and it appears to me we've kind of lowered the bar in terms of our expectations on some of our students. And one of the superintendents expressed to me, he said: You know, we're doing a pretty good job of teaching our children what our rights are, but we're not necessarily teaching our children what their responsibilities should be.

And he's reflecting on some of the assessment tools that we use and the fact that we, you know, we don't hold kids to account and make sure that they hand their assignments in on time.

And I think what you're saying today is maybe a little bit similar. You're—I think you're saying is that the government of the day isn't being responsible. Is that the message you'd like to leave with committee?

Mr. Willcock: In essence, yes. It is a case of responsibility, and I find it difficult to believe that the government can mandate responsibility in the area of education if they do not exercise it in a fiscal responsibility, which can basically be seen very simply whether the Province is in the red or in the black on the books. If they wish to have a moral high ground, if you will, in order to talk about responsibility and so on, I think fiscal responsibility should be a most important target because it directly involves every single taxpayer of Manitoba.

Mr. Gerrard: Thank you for coming to present as a physician who's got into politics. I appreciate when there's a medical student with an interest of what's going on in public policy, so—[interjection] All right. How's that?

I appreciate your interest in public policy, thank you. I'm interested in your desire and I think that's great to stay in practice here.

Tell us a little bit more about the factors that are going to be important in your decision and why you would, you know, when it comes right down to it, in terms of staying here.

Mr. Willcock: Mr. Gerrard, do you give autographs?

But, to answer the question, in terms of staying in Manitoba the most obvious decision factor is to do with the match. This occurs after fourth year of medical school and it is the process by which a

medical student is matched to a resident program with the graduate portion of the medical education. I believe it was a past budget promise to have, for every medical student graduating from Manitoba to have a residency position available in Manitoba.

However, I noticed that, when looking over the 2005 CaRMS selection report last week, that often many of the spots were for family practice and, in terms of something like radiology, in which I'm personally interested due to some past research experience at CancerCare Manitoba, there are something like four spots available. I'm not sure if this number has increased since 2005, but it makes it extremely competitive and difficult to get into the specific field of choice in Manitoba. That's obviously a very large consideration as well. Secondary considerations are perhaps the salaries of residents. They vary somewhat from province to province, though when one accounts for the cost of living in Manitoba, I believe it more or less evens out.

In terms of contemplating reputation of the institution where one goes to receive one's post-graduate medical education, I believe that University of Manitoba has a very strong reputation in this regard, which is why I was very happy to apply here for its undergraduate program. I believe the clinical skills are one of the elements which is most stressed at the University of Manitoba, and that's very important, I believe.

Mrs. Stefanson: I apologize for missing the first part of your presentation, but I did want to ask you—of course, this is the third time in three years that the government has changed the balanced budget legislation and, certainly, what we—it seems that what they tend to want to do is that if the laws of our province don't suit, you know, their needs, that they just change the law rather than living within the existing laws, and, you know, certainly we have significant issues with that. I was just wondering if you had any comments on that.

Mr. Willcock: It's something of a scary proposition to be only a single majority vote away from completely reversing or altering or changing legislation, as we see going on with the balanced budget act being proposed and contemplated and most likely being passed as it is, in my estimation—though, hopefully, that's incorrect, that estimation. But to be a mere majority in the House away from changing something that so deeply affects all of the citizens of Manitoba, I think that a lot of consideration should be taken and a lot of in-depth

examination as to truly the wisdom of these measures, particularly for the long term, particularly for upcoming students and other people around abouts my age.

* (22:20)

Mrs. Stefanson: Thank you very much for that.

And another issue that we sort of have some issues with, and I just wanted your comments on, is, of course, this was the first and only bill at the beginning of this session, and, of course, that the NDP introduced. And it, of course, it does have in it that it is legislation to effectively protect their own salaries, the salaries of their 19 Cabinet ministers.

What do you think about this being the priority of this government? This is the—what do you think about this being the No. 1 priority of this government, given everything that's going on in the world right now?

Mr. Willcock: I think it's very self-serving; that much is evident. The only people affected are the 19 ministers, and, of course, negatively, all of the people of Manitoba as a result of this legislation and, as a result, particularly of the impunity that they received to change the budget to suit whatever project they wished to continue funding. I believe one of the largest ones is Bipole III, and I'm not sure why \$2 billion, give or take, is being spent on that.

In terms of immediately protecting their salaries, this is just a way to enable to continue to have a lower standard for government in a government which is ultimately not responsible to the people.

Mrs. Stefanson: Yeah, and I think—and you may have touched on this earlier in your presentations, so I apologize if you did, but, obviously, we've got a rising debt in our province; last year alone the debt increased by some \$2.3 billion. It's increased by more than \$10 billion since the NDP came to power in 1999, and we know in this budget and their five-year plan that we'll see an increase of at least \$2 billion in the debt going forward.

How do you feel about that, given the fact that, I mean, you're young? You want to stay here. We want you to stay here. Does the debt concern you for your future here in Manitoba?

Mr. Willcock: It does in the sense that I know I will probably be responsible for it in the future if it results in direct taxation. That will have to be a consideration as to whether or not myself and fellow

professionals ultimately stay in Manitoba. If there is a negative economic incentive to staying in Manitoba and a positive economic incentive to leaving Manitoba, that's unfortunately the route that has to be taken, despite a history of my family being in Manitoba since the late 1800s and so on. Despite all of that familial connection, all of that subjective connection, if you will, if there are financial or objective reasons to leave Manitoba, that has to be the rationally chosen output.

Mr. Chairperson: Thank you, Mr. Willcock, for your presentation this evening and for answering the questions.

Next presenter I have on the list is Michael Silicz. I hope I pronounced the name correct and, if I haven't, my apologies, and you can correct me when you come to the microphone.

Good evening, sir.

Mr. Michael Silicz (Private Citizen): Good evening. It's Silicz.

Mr. Chairperson: Silicz?

Mr. Silicz: Silicz.

Mr. Chairperson: Silicz.

Mr. Silicz: Silicz. Thank you.

Mr. Chairperson: Thank you very much for correcting me. Do you have a written presentation?

Mr. Silicz: No, I don't.

Mr. Chairperson: Please proceed when you're ready, sir.

Mr. Silicz: Sure. Well, first, I'd like to take this time to thank the committee for allowing me to speak today.

And, yeah, I think I'd like to present a unique sort of stance on this bill. A lot of the people here today have been sort of—of an older generation, I guess, and have been working a little bit more in the real world than I have. And now you're starting to see some, you know, some younger people, students who have not yet entered the work force, but are still going to school. And I think that I can provide a sort of a unique viewpoint here, because I'm, myself, right now, have finished school and have just entered the work force, and I'm nearly, nearly done the last tiny bit of training. So it's with that that I'd like to leave the committee with today.

Just a little bit about myself. I am born and raised in Winnipeg, grew up here and, more or less, have gone to school here my entire life. I have done my—a lot of training in political science at the U of M, and then I went into law, which I'm now doing in articling. So, like I said, I'm sort of halfway between being done and being no longer a student and entering the real world. So it's with that sort of perspective that I come here tonight to present to you.

I would like to just talk about basically two things. I haven't really prepared much in the way of a direct speech because I sort of speak from the heart on these things because they are sort of topics that I think a lot about, and it affects me, you know, on a daily level.

So I'd like to talk first about a theme of accountability and how that I see this bill in terms of affecting accountability and, more importantly, just the public's perception of politics and sort of the cynicism that arises when you see things such as trying to hold people accountable for what they do, their spending, the government, and then to see a bill which proposes a few amendments to certain acts that I'll be talking about. And I'd like to point out how that sort of, you know, it breeds cynicism and it's unfortunate and, you know, you're just—tonight, I think this is probably a rare occasion for your committee to see so many young people out here because I can tell you, speaking perhaps on their behalf, that cynicism is a big reason why we don't come out and do politics a lot more. It's tough when you see things like this where, you know, as I'll get into, we have a law and then it appears the law can't be followed, so you just change it. I mean, it's frustrating on a accountability level and that's something, a theme, that I want to leave you with tonight.

The second thing I'd like to sort of leave you in terms of theme is just the sort of legal mechanics behind the bill. Speaking with the lawyer hat on, just looking at The Balanced Budget, Fiscal Management and Taxpayer Accountability Act as it's written and comparing some of the amendments proposed to it. I'd like to look at that sort of on a level of just the law as how it's written. So with that in mind, again, I have a substantial background in politics. It's my undergrad and grad training, I wrote for the paper for a long time. It's what I really like, and I'm embarrassed to say this is the first time I've ever come before a committee. I mean, it's one of those things that I've just never done, but I felt compelled,

you know, in this instance, to actually do it because I'm that concerned with the way things are going with some of these bills that are being proposed.

Just specifically, I mean, I've followed this process. I remember reading in the *Free Press*, specifically, when the budget came out a few months ago, just, you know, all the pluses and minuses, all the analysis, and then there was just a tiny little blurb about a certain 40 percent cut to some ministers' salaries and how that would be amended out of the law—or at least, it would be proposed to be amended out of the law—and I've been surprised ever since, just with my background in journalism, how that's just sort of been on the back burner just in the mainstream press here and no one's really talking about it. So that sort of set off an alarm bell, and I find when sometimes the media doesn't talk about things, that's when I start wondering more and more. So that's sort of how I've become involved in this process here. So with that sort of background in mind, I'd just like to get more into the actual proposed Bill 31, The Budget Implementation and Tax Statutes Amendment Act, and, specifically, talk about part 1 which is about The Balanced Budget, Fiscal Management and Taxpayer Accountability Act.

One of the big problems that I see—or at least, reading the Bill 31, is the start of it when it suggests that there is a new section added to the act in question defining an economic recovery period. And I understand that we're going through a tough time, you know, globalized society with all the financial crises that have happened—you know, 2008, now in Greece and you know, who knows when the next one's going to hit. But that's something that's happened. It's happened before and you know what, it's going to happen again. And you'd like to think that we would learn from our past and, you know, keep going forward and realize that we can't just keep spending money, spending money, spending money and then hoping to, one day, pay it off.

So it's with that in mind that I'm just—I'm concerned with the definition within changing—basically, changing the legislation by adding a definition that then exempts part of the legislation from itself, specifically, by defining economic recovery period as the period from April 1st, 2010, to either March 31st, 2014, or the, basically, the time when we do have some money, which is what section B essentially says.

I mean, it's concerning because, I mean, it's not really a laughing matter. I mean, it's just that's—you read that and you sort of think to yourself, well, what is going on here? We're just going to—what's going to happen in, you know, five years from now if we don't reach a balanced budget? Are we just going to, you know, oh, we'll just come back and, you know, it won't—it'll probably be the seventh or eighth time by that point, not the fourth, but how many times can we keep going through this process of just redefining things?

* (22:30)

And more to the point, the proposed measures under Bill 31, once we define economic recovery period, which in itself is, you know, almost an Orwellian way of defining something. We see that it exempts, specifically under section 2, 16-point—sorry, it's cut off, but under 16.3, it specifically—16.3(1), it says, subsection 2, dash or—"Subsection 2(1) and sections 4 to 7 do not apply to any fiscal year within the economic recovery period." So, basically, what's happening here is we have a law in place that says, you know, here's what we're doing: we're balancing budgets, and if we don't do that, there's going to be certain outcomes.

Now what we have happen is we add something to the law that basically says we're defining a new word, and once we use this word, which isn't "recession"—or is, sorry, which isn't "deficit"—we're basically calling it economic recovery period, we're exempt from following our own rules. And that, to me, is just unaccountable. And, like I'd try to tell you earlier when I started, it breeds cynicism.

Why would someone want to get involved in a process like this when—I should be more specific—why would someone want to get involved in politics, when, you know, they see things like this where it's like, okay, well, should I go out and volunteer, should I do this, what's in it for me? You see these pieces of legislation coming in where, more or less, you know, you get out there, you start volunteering, you help out, but then you see these—"self-interested" is basically the word I have to use—self-interested pieces of legislation where, you know, the Legislature works hard to bring something in and then just basically changes it at its whim based on the surrounding economic circumstances of the day.

It's frustrating for me because it just—it—we're raised as kids to be accountable, and here we are going into substantial debt to go to school—and,

believe me, it's not as easy as it used to be, probably—and we come out of school and we have to pay off loans, we have to pay off credit card debt. And, you know, it's tough when you move out; you're on your own. I can't just go to the bank and sit down and go: Well, Bank of Montreal, let's, you know, 'unilateral'—unilaterally, sorry—let's renegotiate my contract. See this part here? Why don't we call a—add a little word: economic recovery period. And, you know, it's going to be a tough four years, but, you know, for four years, I won't pay any interest. You just keep lending money, and, you know, we'll worry about it later.

I mean, you laugh, but if I went to the Bank of Montreal right now and told them that, they would—well, they'd laugh too and tell me to leave. I mean, the differences here, where we're actually here, we're seriously debating for the third time now amending this act to basically allow people to get away with keeping more money, which is the bottom line, which is what this bill is utterly about, at least this part of the bill is utterly about.

It's not just that. There are other things that concern me, when you exempt sections 4 through section 7 of The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, right out of legislation. You immediately lose the annual statement of balance. There's no more Auditor General report, no more third-quarter reports for projected balances. And the other big thing is, obviously, section 6. Take away the ministerial punishment for running deficits. I mean, it's blatantly stated there that, once you do one deficit, 40 percent—sorry, 20 percent—and then I believe it's 40 percent for every year after that.

To now go and define economic recovery period, take that punishment out and then even more—and it's dishonest to take it out of the act and to bury it in the, you know, the regulations; that's just—that's a sign of trying to hide something right there. And there's no—I don't know how else you can put it. Why is it not just amended right into the bill? No, it's got to go into the regulations because in the bill it says specifically, 20 percent, 40 percent, but it's now buried in the regulations where you can't even—when you know—and being technologically savvy, you go on the Internet, you can search the acts, all perfect, great, easy to find things. Try to find anything in the regulations. It's a whole new ball game because they're all electronically in PDF format; you can't search them specifically through Google. And, if you do search them, it's a lot more time consuming and

just, on my—[interjection] One minute. Okay, well, that's gone pretty quick.

The other problems I have are that, yes, specifically, you know, no audits, no nothing, and it's just a general lack of accountability. I mean, like I said, the idea of me going to the bank and telling the bank, I need more time to pay; we're just going to give me more time and not worry about it, worry about it, you know, in the future; we'll take care of it then; we'll clearly be out of deficit and things will be good. I think I'd be laughed out of the bank, and it's just not the way the world works.

The other thing that bothers me, and I'll be quick here, is you can look at the actual act in question. And section 16.1 specifically legislates that any bill introduced in the Legislative Assembly to amend, repeal, override or suspend the operation of this Act must be referred to a committee stage, to a standing committee, like we're at here.

The fact that that was put in the legislation the first time implies how serious it is that we need debate about this. And that's, you know, to sort of cram this in here—like, this is not how it should work. It should have a lot more debate than it's getting. No one really knows about it, and that's the sneaky thing. I mean, and the bottom line is, you know, you go to school, you learn and you read books, and you read books like George Orwell's *1984*, and, you know, you learn these terminologies. And, when I see the way you're defining things as economic recovery period, it just reeks of just, you know, what do you say to that? It's a deficit. We're running a deficit.

Thank you for your time, and my one recommendation is that if we amend the act, we take out the word "accountability."

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

Questions for the presenter?

Mrs. Stefanson: Well, thank you very much, Mr. Silicz, from your presentation that was obviously well thought out, well put together tonight, and, you know, thank you very much for taking the time out of your schedule not just to be here tonight but obviously going through this bill which is a very—I mean, a very long and extensive bill and going through it thoroughly and finding out, you know, your reasons for maybe having some disagreements with the direction that this government is taking us in with respect to this bill, and, certainly, part of this,

you have touched on, which is the actual balanced budget legislation and that act.

Of course, this legislation—that part of the act didn't have to be part of this bill, this BITSA bill. It could've been a bill on its own which would have gone through the proper legislative process throughout the Legislature, which would've had proper debate throughout the legislative process, and at the end of that, you know, we would've had—it wouldn't have had to have necessarily passed the Legislature at that time.

I'm not sure if you're aware or not, but this BITSA bill, under the rules of the Legislature, will have to pass by the end of this session, which the end of this session date is June 17th. And, you know, given the fact that the government has slid in in the dark of night this part of it to protect the ministerial salaries and knowing full well that this bill has to pass by the—under the rules by the end of this legislative session, do you think that's a dishonest way of going about this?

Mr. Silicz: Well, I think it is. I mean it goes back to that point I made. They should just as well take out, you know—amend the act to say the balanced budget fiscal management and taxpayer act and get rid of the word "accountability". It's almost a joke. Why is that word even there anymore?

It's—it is—and, I mean, put it this way. Look, when you actually go to print out this—the proposed changes, here's the bill and then here's the two pieces of paper that 90 percent of the people here today are talking about. I mean, it's pretty—in the thick of the night; that's the best way to put it.

I mean, it's not very fair and, I mean, this is something that should be debated and, like I said, my background from the media makes me always question why things aren't, and when they aren't, you know, it leads you to more questions and when—maybe people just don't know and maybe that's part of the problem. Why would they know if it's on a bill like this where we all know at the end of the day and where, you know, it's 10:30; we've missed the hockey game and the bill's passing, but maybe it's more of the point of standing up and, you know, saying something about it than letting it go silently in the night.

So it is—it is dishonest, so.

Mrs. Stefanson: Well, thank you very much for that. And, yeah—and again, I mean, you hit on another

point as well and a point that's been brought up on several occasions this evening. Of course, it is 20 to 11 in the evening and you're taking time away from your schedule now. I believe you mentioned you're an articling student and so maybe this is sort of common practice with the line of work that you're in, and normally you would be at the office at this point, but we're certainly taking you away from something, whether it's the hockey game or your work or your family.

We hope at some point that we would be able to change this legislative process to be able to be more family friendly, more friendly for—and more respectful, quite frankly, of people's time. And so, again, I thank you for being here tonight.

But I did want to ask you one more question and it has to do with the debt of our province. And we have talked about this with other presenters tonight. Of course, the debt has increased under this NDP government by more than \$10 billion since they came into power, some \$2.3 billion last year alone. The—obviously with interest rates rising, the servicing of that debt is on the rise, and as you compound it with more debt moving forward by running these deficits, they're planning on adding at least \$2 billion more in the next five years. And I say at least because these guys like to spend, so I'm sure it'll be much more than that, but certainly we know that that's what their plan is for the next little while.

* (22:40)

And I'm wondering, I mean, as a—obviously a young person who's now articling, who's hopefully planning a future here, you know, with your family and so on, I mean, how does that—how do you feel about that—how do you feel about that, that burden that's on you and your future?

Mr. Silicz: Well, that's a good question. I mean, it's a concern almost everywhere. It seems almost every government is going into debt, whether it's federal or provincial or states in the United States, but something our generation is going to have to deal with at some point because it's—something's got to happen. I mean, this is—it's simple; you owe money, you got to pay. That's the basis of the system we live in and, at some point, Manitobans are going to have pay.

For me, just thinking on my own level, to stay here in the province, I mean, it's a great place to live. The cost of living here is wonderful compared to a lot of other places in Canada. And I mean, like I said,

I was born and raised here so I have a family and friends here and I don't intend to leave.

But that's—unfortunately, I can't say the same about many of my friends. I mean, law is sort of a different industry where they only let in so many people based on this and that. So there's a guaranteed market wherever you're going to go. But looking at my own friends, and I mean, a lot of them very smart guys. They're not here. There's no jobs for them. A lot of them who finished, did their Asper education here at the business school or went elsewhere to do their business degrees, no longer here. They're in Toronto or they're in Calgary or Vancouver. Somewhere else where, you know, they're making a lot of money and, obviously, it costs more there.

But the frustrating thing, too, is—I mean, from my perspective, we have here the tax rebate program which I myself don't understand. It's one of those things. It's great because I'm living here so I'm getting a tax break, but, at the end of the day, it's not an incentive to stay. I mean, why would I stay here to get a couple thousand dollars back on my taxes when I can make 10, you know, four times that in any other big city in the country or in the States.

I mean, it's frustrating and it's a generational issue that we're all going to have to deal with in my generation at some point because, like I said, if the bank wants their money, you got to pay. And someone, somewhere along the lines we're going to have to either pay this debt down by making substantial sacrifices in social services or cutting taxes. And by just pushing this further and further into the future, it's just going to compound things.

And the only example we can use right now is you look at a place like Greece. I mean, it's hard to believe, you know, they are—they have a different political culture than us, but, you know, people there are rioting in the streets over these things. And, you know, we—like, we're in Canada, and that hasn't happened here in a good 80 years, but you never know. You never know.

So it's better if we don't test out that theory of what might happen and if we start addressing it today, like so many of us students have to do when we graduate with debt and we have to pay it off. I mean, it's just—I'd like to say it's the real world but sometimes, based on this, I start to wonder, so.

Mr. Chairperson: Thank you, Mr. Silicz, for your presentation. Time is well past the allotted time for the questions.

So the next—Mr. Gerrard?

Mr. Gerrard: I wonder, Mr. Chairman, whether there might be leave to ask a very short question.

Mr. Chairperson: Is it the will of the committee to allow additional questions?

Some Honourable Members: Agreed.

Mr. Chairperson: One? *[interjection]* One question? Is that the will of the committee, to allow the one question, then?

Mr. Gerrard, I'll allow the one question then, with the will of the committee.

Mr. Gerrard: Thank you.

I appreciate your effort in coming here and your interest in the political system, and your comments with regard to the need to improve the honesty with which things are presented in politics, and decrease the cynicism that's there. And your willingness to sacrifice, you know, missing what was apparently a pretty 'exciting' hockey team with the Flyers just coming out ahead.

Anyway, my question is, I mean, I think one of the major points that you wanted to make was that the bill, regardless of everything else, should have been, you know, more honest in the way it presented things, so that it was easier for people to understand and apparent, that if you're going to run a deficit, run a deficit but don't call it something else.

Mr. Silicz: Exactly. The point was—you elaborated that—on that earlier tonight, Dr. Gerrard, I remember said something about that.

But basically, yes, there's nothing stopping the government from running a deficit. It's just if they do, there's a certain incentive for them not to. I mean, it's a pay cut.

If I went to my bosses and told them, look, I messed up this deal; we're out, you know, \$10,000. And what do you think they would do? They won't say, oh, Mike, that's okay, here you go, have a, you know—good on you—we wouldn't rewrite my—they'd say, no, you know what? That's coming from somewhere and it's not coming from the partners. You got to go out and you're going to be working extra late tonight.

So, you know, this money has to come from somewhere. And to call, I use the Orwellian terminology, but to call this a economic recovery period or plan, I mean it's just—you can call, you

know what, it goes—economy fluctuates. Why not call something a economic recovery plan every four years when the business cycle dips? I mean, it's just—it is dishonest and that's what I wanted to hint at and I'm glad you've picked that up. So thank you.

Mr. Chairperson: Thank you very much for your presentation, Mr. Silicz, and for answering the questions.

Next presenter I have on the list is Darren Penner, private citizen.

Good evening, Mr. Penner, welcome. Thank you for your patience. Do you have a written presentation, sir?

Mr. Darren Penner (Private Citizen): No.

Mr. Chairperson: Please proceed when you're ready.

Mr. Penner: I'm here presenting on what I think is an issue, not even about budgets or money but about democracy. And since it's late and we all missed the hockey game, I'll give all the members of the committee some fantastic news from earlier this evening. Judy Eastman has secured the PC nomination in Southdale, and any NDP member could pass on to Erin Selby, she'll definitely beat her in the next election.

On the issue of democracy, I just came from a room where there were 250 private citizens voicing their choice for who they wanted to represent them. I've come here and heard multiple, multiple, multiple young people come before this committee and present to you on the important impacts they see in this legislation. I've watched five NDP MLAs for an hour sit here and not say one word. I'm—I said five, not six. There was Mr. Struthers, Mr. Saran, Ms. Marcelino, Mr. Nevakshonoff who's not here, neither is Mr. Struthers, as well as Mr. Martindale. Not one has muttered one word. There are citizens all over this province who are engaged in their democracy, and there are NDP members who aren't.

That doesn't make it very surprising, then, that their interests are not really about public good or public accountability. I would encourage any member of this committee to break out a calculator because, over all the years of NDP government and all the years that they have claimed they have balanced our budget, and our fiscal position is good, and our house is in order, somehow, magically, over all those years, the debt has gone up every single year. Surplus after surplus after surplus does not

equal debt going up. Anybody can break out a calculator. That's not the way it works. That is lying to Manitobans.

I think that one of the other issues about accountability is that Mr. Selinger has already actually said, in 2008, that if they didn't balance the budget, they would take pay cuts. That's not happening. Why? Well, there's a number of different reasons, but I don't think any of them are as important as what is being cut in this budget. Funding for autism, for children with autism, schools for autism, is being cut in this budget, and yet Ms. Wowchuk and Mr. Struthers are in line for a \$9,000 pay raise. No money for autistic kids but money for pay raises for NDP Cabinet ministers. That is completely and utterly unacceptable.

But an issue about \$9,000 is not an issue that most greatly affects Manitobans. The issue that most greatly affects Manitobans is the financial future of their province. So let's look at what NDP Cabinet ministers say when they're on the campaign trail talking to grass-roots NDP supporters. They said, and I quote: When I'm sitting down in a room with Stephen Harper, I am going to make Manitoba's situation look as dire as I possibly can to get every possible cent out of the feds. That doesn't sound like fiscal management to me. It also doesn't sound like something you have to stretch that far. Our debt has gone up by almost \$10 billion. It's set to go up by another 2 billion this year and another 2 billion over the next five years.

* (22:50)

So my question for the committee is that, given that our debt has gone up by \$14 billion, or is set to within the next two years, how is it possible that we are just now having a discussion about balanced budget legislation and whether or not ministerial salaries need to be cut?

The truth is, the reason we're having this discussion now is because NDP member after NDP member after NDP member has voted to pass budgets that they know are false, that they know are nothing but a load of fiction.

It is not mathematically possible to run 13 surpluses and somehow, magically, have more debt. I've never seen a calculator that works that way. If someone can introduce me to one, I would be very grateful.

That's an issue that affects Manitobans. There are rural emergency rooms that are closing. I see an

MLA here from the NDP, who's just come back, who represents a rural riding. I would, perhaps, encourage him to suggest to his colleagues that they forgo their pay raise in order to fund the opening of another emergency room in his riding. *[interjection]* That's right.

You see, the interesting thing is outside of Winnipeg, where—

Mr. Chairperson: Mr. Penner, with all due respect, sir, if I could interrupt you just for a moment.

I would appreciate, as the Chairperson of this committee, if you could direct your comments through the Chair and that will allow for the orderly flow of the business of this committee this evening. So I ask for your co-operation in that regard.

And I ask committee members to refrain from interacting with the presenter here this evening to allow him to complete his presentation for the benefit of all the members here participating. I ask for your co-operation in that regard.

Please proceed, Mr. Penner.

Mr. Penner: Sure. Those are issues that matter to Manitobans.

Issues like pay raises, while cutting vital services for the most disenfranchised and the people who need it most in our society, is no way to go about governing a province. It's no way to show leadership. And doing it in what the federal NDP leader has called a dumpster bill is certainly not the way to go about it—hiding, doing it at 11 o'clock at night while nobody is here to present and with NDP MLAs who haven't spoken in an hour.

This is a fundamental issue of democracy. Manitobans are engaged. Manitobans want their province to be a better place, and we will make it a better place with the help or not of the NDP.

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

Are there questions for the presenter?

Mr. Goertzen, I'm sure you'll have a question.

Mr. Goertzen: Well, I don't want to become predictable at this late hour, Mr. Chairperson, but you're right. Your powers of clairvoyance is—are correct. I do have a question.

The issue about the 40 percent pay cut that the NDP is forgoing for their Cabinet ministers, it has come up from a few presenters, and it's

certainly from a number of the young presenters. It struck them as not being particularly democratic, accountable—there's been different words that have been used. And I think that that's fair. One of the—you know, we, as political parties—and I gather from your remarks, you're a partisan in one form or the other, and we as partisans have different opinions and that's fair. We can have those different opinions as individuals.

But you have to back it up with your actions, and if you're going to believe something, you have to then be able to be willing to stand by that belief in a way that sometimes can hurt you personally. And I think one of the things that's really—and correct me if I'm wrong—that, perhaps, is really upsetting you about this is that while the NDP say, yes, we believe in this particular bill, we believe in the five-year deficit, this is what we fundamentally believe, they're not willing to back up that belief with the 40 percent pay cut.

So they want to have it both ways. They want to say that they believe in it, but they don't believe in it enough to back it up with what the penalty was supposed to be. Is that one of the reasons, perhaps, that you have strong emotions around this issue because they—the government is saying that this is something that they believe to their core, but not have enough of a belief that it touches their pocketbooks?

Mr. Penner: I think that would be a fairly accurate way of interpreting what I believe. I think that in the broader picture of things, the reason that this upsets me in one way or another is that not only did Mr. Selinger say he wouldn't do this, it's that none of his MLAs—not one publicly so far—any of them have the opportunity to, if they're so inclined, have come out and said, this is wrong.

Meanwhile all MLA—all NDP MLAs in the House say this is a good thing, we're going to vote for this. But, meanwhile, they're cutting funding to things they advocate for: autism research, money for special needs children, rural emergency rooms. All those things are being cut. Those are things the NDP campaign on. They're things that the NDP promised and they're things the NDP aren't delivering on. And none of those—none of their members seem to care enough to voice an objection to that, but when it comes to giving Cabinet ministers a pay raise, that's acceptable.

Mr. Cullen: Thank you very much for your presentation, Mr. Penner.

It's really encouraging to see the youth engaged in politics and engaged in this kind of a discussion. I wish we had more people here like you and some of the other presenters tonight that, you know, become engaged, and I think that's what we need.

And my gut feeling is we're going the wrong way here and—in terms of trying to get the public engaged in politics, and some of the other presenters earlier in the night talked about it. And it's the cynicism that if, maybe we as politicians are spreading throughout the public, and then we see the kinds of things that this government is doing by bringing forward this particular legislation, the way they brought it forward. You know, I think it's adding to the cynicism on the public.

Would you agree that, you know, by doing these—pulling these kinds of tactics, and we're really turning the public off and where we should be trying to get the public involved in it, in a broad discussion on some of these issues, they're just completely turned off by some of the tactics that the government's using?

Mr. Penner: I would just wait for the two members to get off their BlackBerrys.

Mr. Chairperson: Mr. Penner, you have to direct your comments to the Chair, sir, and only the Chair can ask for the co-operation of committee members.

Mr. Penner: Okay. Well, I mean, that's fine.

What I think is troubling to people and engages in the cynicism of what's going on is that they're not really putting the legislation forward. They're slipping it in the back. If they were honest about it and open about it, that would be one thing. You know, people can have legitimate public policy differences. Politicians can say one thing and do another.

That's legitimate, but the fact that we're standing here at 11 o'clock at night, on a gorgeous night when I'd rather be on a patio, and discussing a bill in which they have pumped their pay raises into to protect it from any kind of possible blocking or any kind of defeat or anything of the sort, is what adds to the cynicism. I can't imagine at any other level of government or any other party in government where we would be having committee hearings at 11 o'clock at night to defend pay raises that were dumped into a dumpster bill to reward Cabinet colleagues. If that breeds cynicism, yeah, it probably does, and I think it's something we should change.

Mr. Chairperson: Thank you, Mr. Penner, for your presentation. We're well past the time allotted for questions and answers. Thank you for coming out this evening, sir.

Next presenter I have on my list is Kyle Mirecki, private citizen.

Good evening, sir. Welcome.

Mr. Kyle Mirecki (Private Citizen): Good evening.

Mr. Chairperson: Thank you for your patience. Do you have a written presentation?

Mr. Mirecki: No, I do not, Sir.

Mr. Chairperson: Please, proceed when you're ready, sir.

Mr. Mirecki: All right, well, it's pretty late, and I apologize for my lack of public speaking at 11 o'clock at night. I've been up since 5.

So, anyways, yeah, I share much of the same concerns as some of my fellow Manitobans, and especially in regards to the balanced budget legislation that is trying to be passed this evening.

Now, I was going to talk about cynicism and, you know, that's kind of been talked about already. I wasn't going to talk about accountability, but we all know there is no accountability.

But, you know what? I came into this presentation prepared to talk about—you know, even actually show a little sympathy. You know, 40 percent pay cut, you know, on your salary; you know, that's a pretty big hit. But what I realized was—and I was just misinformed—but that's not even your salary. That's like your extra salary.

So, meanwhile, have you been—you've been driving Manitoba into debt and, you know, in just millions and millions of dollars. We're concerned about, you know, 9,000. Something a little bit wrong with that. I don't know. Just—anyways, so I'll get to my points anyways.

* (23:00)

In 1999, we were told by the NDP government that we're going to touch that legislation, okay? You know, political promise—I'm a poli sci student, by the way, so I'm cynical right from the beginning. In 2008, they no longer have to balance the core budget. No. Go figure. Okay, 2009, they reduced the mandatory debt repayment. Okay, cool. So the promise in 1999 that they said they weren't going to

touch, well, it seems like it's being touched quite a lot.

Okay, so that's fine. So now they're projecting that we won't be out of, you know, we won't be out of a deficit until 2014. Okay. So it seems like the entire west is ahead of us on that one, right? So we're the last ones in the west, okay, and we—all the promises that have been broken, and finally, the ministers want to get out of a law that penalizes them \$9,000 after putting us two—sorry, I don't know the exact number, but you get the drill.

Basically, what I'm saying, misspending, bad policy choices and short-term goals have now—basically, the NDP government have made this bed that we all have to sleep on, but they don't want to lie in it with us. So, how come? How comes that? Like, I mean, you guys have punished us with all your misspending, and now you won't—you don't want to take a pay cut?

There's—sorry, many Manitobans who are with lost jobs, probably have not a, you know, 20 percent pay cut. They probably have, you know, significantly more than that. And basically, yeah, I mean it's kind of sickening. I mean, it's like a final slap in the face.

But, you know what, let's talk about accountability. Quite frankly, a 40 percent cut is not accountability. What's that—what is that on an extra salary? Accountability is when all our taxpayers say, oh, your reign of terror for 11 years have now pushed us in so much debt, that we are living a life that we could—it's—that's accountability. And when they go to the voting polls that will be the final accountability, because this is not accountability. Even at 20 percent, that's—you're just cutting the lack of accountability in half. So, as far as I see it, it's just the final slap in the face. So.

Anyways, I do not support this. Thank you.

Mr. Chairperson: Thank you very much, Mr. Mirecki, for your presentation this evening.

Questions for the presenter?

Mr. Cullen: And thank you very much for your presentation tonight. And, again, it's good to see some people come to the mike with passion.

My question would be: In terms of the general public, like, and obviously the general public really don't understand what this particular legislation means, what's your sense of the reaction of the general public if they really understood what this particular legislation was trying to do?

Mr. Mirecki: Well, I mean, quite frankly, I mean, with the political apathy right now, it's kind of like it's saddening. And, I mean, a few thousand dollars to you. I mean, right; it's \$9,000. People—probably a lot of people wouldn't care about that, right? But it's about the principle of it. You know, I mean, like, they've already—they don't realize what's going on with all this—with the mass amount of debt. And it's just the symbolic, like, the symbolism of this final, like—it's just—it's kind of sickening almost, you know. Because, like, all these Manitobans and Canadians, in general, have gone through a recession and have suffered and families have suffered and then, like, they've just—yeah, it's just really shocking, you know. Like, it's bad.

Mr. Goertzen: Thank you very much for your presentation this late hour. You know, you touched on something during that presentation when you talked about how, back in 1999, the then-premier, Mr. Doer, campaigned on the promise not to change balanced budget legislation. I think we remember the five points well, and the billboard and the proclamations. And he continued on with at least notionally saying that during his time as premier. And I would say I certainly didn't agree with everything Mr. Doer did during his time here, but I think he had a stronger sense of the will of Manitobans to keep this legislation mostly intact than the current government does, as we've seen over the last couple of years.

But do you get the sense, perhaps, that what we have as a government that doesn't want to officially say that it's doing away with balanced budget legislation, but doesn't want to live within it because it knows that it's politically popular on the street? And so they want to keep the name "balanced budget legislation" somewhere in the legislation, but they don't want to have anything that actually ties their hands with the balanced budget legislation, so they want to sort of have their cake and eat it, too. They want the name there, but they don't want to have to actually live within it. Do you get that sense? I don't add to your cynicism. I know you've already expressed some of that, but do you think that that's probably part of what's going on here?

Mr. Mirecki: The idea of a balanced budget and the term "balanced budget" is very attractive, especially to voters who, you know—you're spending their money. So, I mean, this term "balanced budget" is very attractive. And, yeah, I mean, I—quite frankly, I can't see how that term "balanced budget" and NDP government come into the same sentence, but, I

mean, hey, that's just a personal view, right? So, yeah. Did I answer anything—

Mr. Goertzen: And, I think, you know, you probably weren't—well, you weren't as old as I was in the 1990s, but the—you know, there's certainly some of the members—and some of the members here, I think, are—have spoken against balanced budget legislation. So I think that your conclusion is correct. Maybe it was always sort of a notional agreement with balanced budget from the government. There was never a real commitment.

So I would encourage you not to be too cynical. I know there's a lot of young people who feel that way about politics. It's one of the reasons that we don't get a lot of people out to vote and that that number is actually declining. I might actually ask you—I mean, do you think that that's one of the reasons that we have declining voter participation because of things like this that happen in the Legislature where governments try to protect their pay, as opposed to living by legislation? Do you think that that increases the cynicism to such a point that people disenfranchise themselves and decide not to vote?

Mr. Mirecki: Well, I think there's many reasons why there's apathy. I believe, yeah, that's certainly—I mean, there's lack of—decline and civil participation, all that. There's lack of—it's declining and many other reasons too, but, I believe, yes, that has a huge contribution. They don't see their voice reflecting any sort of responsible spending.

So, I mean, so, yeah, we elect members and then we just—we see the debt just go up and up and up and up and up and up, but there's nothing we can really do about it but vote. So, inevitably, it's kind of like a self-fulfilling prophesy because people are not voting and then the debt goes up, and then people are not voting, and the debt goes up, people are not voting, and there you go. It just keeps—yeah, I believe that has a huge cost, absolutely.

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

Mr. Mirecki: Thank you.

Mr. Chairperson: The next presenter I have on the list is Marty Morantz, private citizen.

Good evening, Mr. Morantz. Thank you for your patience, sir. Welcome. Do you have a written presentation, sir?

Mr. Marty Morantz (Private Citizen): Just my talking notes.

Mr. Chairperson: Please proceed when you're ready.

Mr. Morantz: I want to thank you for having me here tonight, And I am a private citizen and I am a lawyer and a business owner. And I want to say, firstly, I'm sure it's not easy for the NDP to sit here all night and listen to person after person after person get up here and explain to you why what you're doing is wrong.

So I have some bad news for you. I'm going to do the same thing, because it is wrong. All of you got elected knowing about this legislation. You all knew about it when you stood for election. You were aware of it. You knew if you got into Cabinet and you ran a deficit, initially, in one year your salary would be cut. Then you changed the legislation to the four-year rolling average and now you're in a deficit and, really, the purpose of this legislation is to deal with difficult times.

It's fine to have balanced budget legislation when there's lots of revenue, but now we're in—and it's easier to govern, much easier to govern when you have lots of revenue, but, now, you say you don't—and I have a few comments about that later—but you say that you don't have sufficient revenues and that you're running a deficit. And so now you've decided that you don't want to take pay cuts and you're going to run these deficits for the next five years through what you call—and I agree it is Orwellian and political to call it the economic recovery period, but those are some of my off-the-cuff remarks. So I'm going to hammer you a little bit over that now in my formal talking notes.

In the budget, the government correctly indicated that they needed to protect front-line services, and the way they were going to do this was by going into deficit. In order to do this, they needed to suspend the operation of the provisions of the balanced budget law that would prevent this action. The difficulty is that—is, the difficulty is that it is, in fact, such fiscal balance laws that enable governments over the long term to protect front-line services.

* (23:10)

Sorry, should I go over that again? No. Maybe I will. The difficulty is that it is, in fact, such fiscal balance laws that enable governments over the long term to protect front-line services. By increasing the

debt, the economic strength of our province becomes weaker as rising interest rates on higher debt begin to cannibalize revenue needed to protect front-line services. So the very objective of the BITSA bill, which is to protect front-line services—which is what you've said—is inherently flawed and counter-intuitive.

I would add that the actions such as those contemplated by the BITSA bill, namely suspending balance in the four-year rolling average—and, also, I don't know if anyone has spoken about this tonight, but suspending the operation of section 13(2), thereby eliminating the requirement to pay into the debt-retirement account, also increases the risk of a credit-rating downgrade, which could result in even higher interest rates, eroding further our government's fiscal position.

So, just to summarize, interest rates are rising anyway. We know that's happening. It happened this week. The further we go into deficit, the greater the likelihood is that the Province's credit rating will be downgraded, and that will make it more expensive for the Province to acquire new debt, which will erode the ability of the government to fund the important social programs that we require and other programming.

Before any government moves away from fiscal constraint laws, they have a fiduciary duty to taxpayers to show that they have left no stone unturned in their efforts to make government more efficient. I have not heard this government speak to this point, but this does not seem to be the case.

BITSA talks about suspension of fiscal constraint rules during the economic recovery period, which the government believes will be no more than four years. The very use of these words "economic recovery period" imply that we have had an economic downturn in Manitoba. Again, the facts do not bear this out.

These are the facts: Housing prices have continued to rise. New housing starts are rising. Interest rates, although trending upward, are still historically low. Government revenues have increased by over \$80 million over the prior fiscal year. According to Statistics Canada, our economy retracted in Manitoba by only 0.2 of 1 percent in 2009. Unemployment is low; immigration is up. Premier Selinger recently said that flat is the new up. Now, in context, he was saying that the Manitoba economy fared much better than most other

provinces in Canada. I believe that this is my correct—I believe this is the correct understanding of his statement.

So, I ask the committee, why do we need to suspend these laws in the name of an economic recovery that is not real or tangible? Adding billions to our debt, running projected deficits of \$2 billion over five years and gutting balanced budget laws seems to be a vast and gross overreaction to a 2 percent decline in economic activity or GDP.

Having said this, even if there were an economic downturn—and I suppose we could argue over that point—isn't the point of the balanced budget law, in the first place, to protect the provincial Treasury in such circumstance? Premier Doer thought so when he said, we've said all along that we're not going to change the things they got right, referring to the Filmon government.

I believe that Gary Filmon—sorry, Gary Doer meant that when he said it. Premier Selinger apparently thought so when he said that ministers would take a penalty if they failed to balance as prescribed in the legislation, which means 20 percent and 40 percent. I believe that Premier Selinger meant that when he said it. I can provide you with citations for these quotations if you require them, but I think you probably know them already.

The fact of the matter is that the current deficit is not related to an economic downturn but rather to an unsustainable increase in spending that will result in staggering increases to our provincial debt and debt-carrying costs. This, more than anything else, will jeopardize front-line services. It inevitably will mean that the budget line for interest will increase over time. It has to happen; it's unavoidable. You're basically borrowing now, and it will—what it means is higher taxes in the future. It's just an inevitability. At some point, there will be a day of reckoning and taxes will have to increase.

And the tax load in Manitoba, by the way, is already higher than almost every province in the country if you look at all areas of taxation, and certainly higher than the other western provinces who, as you are aware, just entered into the New West Partnership to our exclusion.

I would also add that, speaking for myself, I find it alarming that the 40 percent pay cut is being suspended at the same time as families with special needs issues are being told there's no more money. As an example, the St. Amant ABA program,

which is considered best practice worldwide for educating children with autism, will have programming suspended while Cabinet ministers and the Premier (Mr. Selinger) are rewarded for running deficits.

Now, you may not see it as a reward because you're thinking, I'm taking a 20 percent pay cut, but when you signed up, it was 40 percent and now you're not willing to take it. And, by the way, I've been sitting here since 7 o'clock and Darren is right. You guys have not said anything. I just don't know how you can sit there and not feel anything about this.

Mr. Chairperson: Sir, if I might [*inaudible*] to order. That's not permissible in this committee. You have to direct your comments through the Chair, please. With greatest respect to you, I say that.

Mr. Morantz: It's the first time I've been here, and I'm not exactly familiar with the process.

Mr. Chairperson: It's totally inappropriate, sir.

Mr. Morantz: Yeah, and I apologize again.

But I do think that they should say something. What are they sitting here for? What are the taxpayers of Manitoba paying for your—these MLAs to sit here and say nothing all night? So I'm hoping that maybe when I'm done, they'll say something—other than the Minister of Finance (Ms. Wowchuk), of course, she's been asking good questions all night.

But anyway, get back to my point. I find it alarming that the 40 percent pay cut is being suspended at the same time with families with special needs are being told there's no more money. This is not right. It does not meet the standards of social justice we expect in our society and cannot and should not stand.

Finally, I would like to point out that currently, we are the only have-not province in western Canada. You're probably aware of this. This means that a large portion of our revenues from Ottawa—come from Ottawa. It seems inevitable to me that given the economic conditions in Ontario and Alberta, that these payments will decline under the transfer formula. In addition, Premiers McGuinty and Stelmach have already said they want changes to that formula. And so I leave the committee with this question, which is a question I believe many Manitobans are concerned about: What is this government's plan for dealing with the massive, structural deficits which will be caused by increased

interest costs, higher debt combined with declining equalization transfers? Thank you.

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

Questions for the presenter?

Mrs. Stefanson: Thank you very much, Mr. Morantz, for being here this evening and for waiting this long. I believe you were here close to 6 o'clock and it's been a long night and, you know, certainly, again, I'll just reiterate, and we talked about this earlier, and I believe it was the representative, Mr. Rebeck, from the Manitoba Federation of Labour, earlier in his presentation who stated that he agreed with my colleague the member from Steinbach with the fact that we need to look at some rule changes to make this more respectful for people with families and for all Manitobans when they come before us and they bring—this is a consultative process and they're bringing their issues forward here and their concerns for—with respect to various legislation before us.

So I thank you for waiting this long and for being here and presenting tonight what was obviously a very well-thought-out presentation and was spoken very well from the heart. And certainly you brought forward issues of concern to you and your family with respect to autistic children and the lack of funding there, or the cuts in funding with respect to autistic children, at the same time that this government has decided to put in this legislation, you know, protecting their own salaries, their own ministerial salaries. They've decided to put forward legislation at the same time as they're cutting funding for autistic children, and you have rightly pointed that out tonight and I thank you for bringing that forward and it is a very serious issue.

My question for you would be with respect to how this came about. This, of course, being the—and the majority of your presentation was on The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, and, of course, if the government wanted to make changes to that legislation, and again, they've made several changes over the last number of years and they seem to make them every time that they can't live within the laws. They change the laws to suit them, but we'll set that aside for now.

* (23:20)

They've now put this piece of legislation—this balanced budget—the changes to the balanced budget legislation into this BITSA bill because they know

that this bill has to pass, according to the rules, by June 17th of this year. So this guarantees their salaries to be protected.

How do you feel about that? Do you feel that that's an appropriate way of doing this or should it have been done at a separate of legislation that could then be voted on and debated on in the Manitoba Legislature according to normal procedures?

Mr. Morantz: Thank you. Obviously, this is an attempt to hide the issue of the Cabinet salary cuts. They are burying it in what might otherwise be called an omnibus bill that contains all kinds of other changes. Certainly, I think if there was a stand-alone bill, I think it's possible the media might pay more—have paid more attention to it. There'd be more debate about it.

But this is not the way—and many of the other people have said this already—but this is not the way the real world functions. You don't just change the rules to suit yourselves. Sorry—through the Chair. So I am very, very concerned about it. I know many members of this committee are concerned about it. And I think the fact that we are standing here at, now, 20 after 11 at night, is evidence of that fact. And I would point out also the fact that we have so many young people here tonight who are concerned about their futures. They're concerned about the fact that their taxes, because of this legislation, when they are out in the working world, will have to go up.

And you know what? If I were a younger person today, and I was in—looking at the landscape across the country, I would be seriously considering moving out of Manitoba, because the fact of the matter is that the tax load here is significantly higher than anywhere else in the West and almost everywhere else in the country. It's just a fact.

And one thing I'll just point to, and this is a—slightly off topic, is the personal tax rate and the tax brackets, for example, 17.4 percent in Manitoba, kicks in, I think, around \$67,000. It's 15 percent in Saskatchewan; kicks in at like \$137,000. And, you know, add that to the fact that the basic personal exemption here is \$8,800 and it's \$13,000 in Saskatchewan. Just—that's just one example but, I mean, these inequities exist all over the country. And, you know, this—and the—what—the reason it comes to the point is that this BITSA bill does nothing to help or alleviate that situation. In fact, it will make it worse. It's inevitable, because the debt will continue to rise, interest costs and interest rates will rise for a number of reasons.

Mr. Gerrard: Thank you, and welcome. I just want to give you an opportunity to expand on one of the comments. You recommended that the government look for efficiencies. Where would you look for efficiencies?

Mr. Morantz: Well, you know, I'm not in government yet, but I think they would know better than I. I haven't heard them talk about that, but I want—you know, just from a layman's perspective, I know that the provincial budget in 1999 was \$6 billion. This year it's 12 billion. So that's a massive increase in the size of government, and I have to think there are efficiencies that can be gleaned from that budget that would help fund and reduce budget deficits.

Mr. Chairperson: Thank you, Mr. Morantz. Thank you for your patience, sir, and time for questions and answers has expired.

Next presenter is Paula Havinxbeck. Paula Havinxbeck. Paula Havinxbeck's name will be dropped to the bottom of the list.

Next presenter I have is Michael Deluca. Michael Deluca. Michael Deluca.

Starting with second call of names on the list, Darlene Dziewit will be—

Mr. Goertzen: I wonder—and we had this discussion earlier—I understand there are no presenters now that haven't been called at least once and made their presentation. And I did a canvass of the room, and it is my understanding that there are no other presenters waiting to be called.

Because of the late hour—I know for many of them it's because of the late hour; they had other responsibilities, both family and business. We do have the opportunity to meet tomorrow as a committee, and I know the Premier (Mr. Selinger), in the House, has indicated that he wants to hear from Manitobans. He wants a committee process that ensures that there is an opportunity to hear from as many Manitobans as possible. I'm sure that the Minister of Finance (Ms. Wowchuk) wouldn't want to make the Premier somewhat less truthful to his word than he would like to be made out to be.

So I wonder if the—if it's the will of the committee to not call names a second time, and then we'll call them a second time at tomorrow's evening's committee meeting, and we can then have the opportunity—I understand not everybody will be able to make it tomorrow, but I'm relatively certain that

some will and that'll give greater access and opportunity.

So is there will of the committee to essentially rise now and then tomorrow we can start the second call of the names that are on the list?

Mr. Martindale: I think we should call presenters a second time. That would be following the normal procedures of this committee and I've never seen it done otherwise.

We have rules and we need to follow the rules, and if some people think that the rules need to be changed, that's something that could be discussed with the House leaders. We're doing that in the Public Accounts Committee. We're going to make representation—or recommendations to the House leaders, and the normal process is that they will take it to the Rules Committee and, if there's an agreement, the rules will change.

We've had many committee meetings that have gone much later than this. Members of the public are advised by the Clerk's office that they can submit a written presentation if they can't appear in person, and at least one person took advantage of that and did that tonight. And I'm even prepared to—be prepared to go further than that and suggest that people who weren't able to stay tonight—if there are any—who had written presentations, that they could submit them to the Clerk's office, and we could have their presentation included in *Hansard*, if there was agreement, all-party agreement, at the committee here tonight.

Mr. Cullen: Again, I just want to say thanks to all those people who came out tonight and who have a real interest and a passion in democracy, and I believe that's why we're here as a committee, to hear from Manitobans.

You know, we look at Bill 31, we've got a hundred and—145 pages of tax implications and budget implications that are before us and before Manitobans. And we know there's a number of people on the list that haven't had the opportunity to, you know, present their views, and I'm sure they have some very interesting things that we as a committee should be hearing. And I think it's incumbent upon us as a committee to make sure we allow as much time as possible for those people to partake in the discussions in terms of this very important bill.

I heard the members talk about changing the rules. It's quite ironic when we're actually discussing

Bill 31, and the NDP government, anytime that the rules don't work for them—and we see this is the third time they've come in to revise the so-called balanced budget legislation—they come in there and they change the rules. And, quite frankly, Mr. Chairperson, in reality here, if we're going to talk about changing the rules, that's exactly why we're here tonight, is because the NDP couldn't live within their own rules that they've changed twice now. They had to come back a third time and make revisions to their own legislation.

Now, what we're trying to put across, Mr. Chairperson, tonight is that we believe Manitobans should have a say in terms of this legislation being brought forward. I think there's been an expectation that there was going to be a committee again tomorrow night to have a look at this particular legislation. I certainly know that we on this side of the House, we have members lined up to take part in committee, and, certainly, those members want to hear what Manitobans have to say about Bill 31.

So, you know, the member talks about changing the rules and, you know, that's the reason we're here, is because the NDP can't get it right and keep coming back and changing the rules, and I think it's incumbent upon us to listen to what Manitobans have to say on Bill 31.

* (23:30)

Mr. Chairperson: Well, if the Chair understands the debate that has occurred here, it has been expressed that—by some members—that we hold over the calling of the names for the second time for those individuals that were unable to be here for presentations this evening and hold them over to a subsequent committee hearing.

And then there's also been expressed to the Chair that we proceed with the calling of the names for a second time for those that were dropped to the bottom of the list.

And so the Chair is in a bit of a dilemma here. If there's not a willingness of the committee, then the Chair has to proceed with the existing rules that are in place.

Mr. Goertzen: In an effort to alleviate your dilemma, Mr. Chairperson—and I'm always trying to help you in the role that you play—I would like to present a motion for the committee.

And I would move

THAT the committee recommend to the House that Cabinet ministers receive a 40 percent pay cut from their ministerial salary until the government returns to a balanced budget as defined by the existing legislation.

Mr. Chairperson: It's—if I could have the committee's attention for a few moments. It's been moved by Mr. Goertzen

THAT the committee recommend to the House that the Cabinet ministers receive a 40 percent pay cut from their ministerial salary until the government returns to a balanced budget as defined by the existing legislation.

It's been moved by Mr. Goertzen, and I believe the amendment—or the motion is in order, but this opens it to—the floor is open for debate on the subject.

Mr. Goertzen: I believe I have 10 minutes on this subject. I may or may not use it all. I know some of my colleagues—*[interjection]*—it's possible, you never know, and I've been known sometimes to not be able to summarize my points as succinctly as I'd like to. But—and some of my colleagues, I know, will also want to speak to this motion. My regret is that it'll probably take us to midnight at that point, but, regardless, if that's how it works, then that's how it works.

I—the reason I brought forward this resolution is simple, and the minister will know, and all the members who've sat and may have not spoken tonight, but have listened, I hope, either through their BlackBerrys or otherwise, will know that there is a lot of concern expressed by, you know, young people. A lot of young people, and others, came forward and said that they were becoming cynical about politics and, you know, all of us need to be aware of that because each of us relies upon the electoral system. We each rely upon the fact that the electorate needs to be engaged. That's why we're here, because we went door-to-door at different times, all of us—not all of us, but we were—most of us were elected at different times.

There is a—some who were elected in the last election. I was elected in 2003. I know the Minister of Agriculture (Mr. Struthers) is from the class of 1995 and, regardless of the year that we ran for election, we went through a democratic process. We went to the people in our ridings, whether it was in Dauphin or, for me, in Steinbach, or the Interlake, or in Wellington, in all the different areas, and said to

people, we want you to vote for us, and this is why we want you to vote for us. This is what we stand for and this is what our party is going to stand for.

And we hope that those individuals would come to the polls. And I don't know about the rest of the members who've run, but I often said to people, you know, whether you're going to vote for me or not, whether you support my party or not, I really want you to vote. Now, obviously, I'd prefer if you came out and voted for me, because that's why I was going door to door. But even if you don't agree with what I stand for, I hope that you're going to come out and going to knock on—or going to come out and vote, because that's part of what so many people have fought for in our great country. They fought for that democratic right to be able to cast a vote. And there are still countries in this world—you know, there are still countries in this world who don't have that franchise, that exercise.

You know, I was talking to some young people not too long ago about the Legislature, the decorum in the Legislature. And, you know, there are people who come from different places and sit in the gallery and they watch question period. And they're not all happy or impressed by what goes on. And I take that as good remarks. You know, there are things that could be changed, I think, within question period, within the context of question period, that would impact decorum. I know there's a member of Parliament right now who has some ideas about question period and how it could be improved. And I think that those are things that are good to discuss.

But one of the things I said to the—to young people is, you know, some of the most quietest, the most decorum-filled legislatures in the world are in communist countries. It's because people are afraid to say anything. And so I'm not saying our system is perfect. I'm not saying that our Legislature and any legislature in Canada, how it operates, is perfect. We know that there are many others that are under oppression, that don't have freedom, that have a much greater decorum, because people are scared to say anything. And that democracy, that right to be able to speak out about something, is critical.

When I heard these young people come here tonight and say that they were losing some of that—their faith in that democracy, some of that feeling that politicians were doing things for the right of the community or of the province; that they were feeling that because a government was refusing to adhere to the legislation, to take that 40 percent pay cut, is

what was determined in the legislation that they agreed to just a couple of years ago, and by not doing that, that it was breeding cynicism among young people and others. I felt I had to bring forward this motion to give the government the opportunity, to give them one last chance, even at this late hour—you know, it's never the wrong time to do the right thing. And, even though it's 20 to 12, and, you know, my son, my three-and-a-half-year-old son, will have been asleep now for, I hope, for three and a half or four hours, I wanted to stay here. I wanted to stay here to make sure that the government had the opportunity, that the government had the opportunity still, and even at this late hour, to say, we've listened to these young people and we've listened to others who've come here and said that the fact that they're not taking the pay decrease that they should have been taking, is affecting what they believe in the democratic system.

And I—you know, we can have debates and we can disagree about whether or not deficits should be run and how large they should be and how long they can be. And those fundamental debates are, I think—while I might not like the government's position, they're at least healthy debates. We can go into the community and we can have that discussion like we all did in election time and say this is what we believe in. But it's something completely different when you change a law to protect your salary, and that you don't even want to stand up for what you believe in. You don't even want to have enough—I don't want to say the word "courage" because it's almost bordering on unparliamentary, but you don't believe in what you're saying enough, that you're going to take that salary reduction. And that's really what the government has done. They're changing the law retroactively.

I talked to somebody not long ago who said, you know, it's as though, if I got a speeding ticket, oh, I'd love to be able to change the law so I could change what the fine was or change what the posted speed limit was. Well, that's what happened to the government. They've got a speeding ticket. They've had their foot on the accelerator of spending. They've got a speeding ticket. The fine was supposed to be a 40 percent reduction in the ministerial stipend of their salary, and they've just said, oh, you know what, I'm going to change the law.

* (23:40)

Now, wouldn't that be great if every Manitoban who got a speeding ticket could do that? Well, of

course, it wouldn't be great, because it wouldn't necessarily be a safe way to have a highway system. Well, this isn't a safe way to run a democracy, because you do have that cynicism that grows as a result of these sorts of actions. And we saw it here tonight. And I know, you know, I heard some of the comments. I know that the minister will say, well, you know, some of the people who came, they had a particular partisan bent or they had a, you know, particular background. You know, that's probably true for other members who presented. I think those who are both pro and con would've had some political belief. Well, that's okay we all have political beliefs. That's why we're here. None of us would be here if we didn't have political beliefs, and that doesn't discount anything any of those presenters said. I listened intently to those who, I think, probably were more aligned with the interests of the government, and while I might not agree with everything they said, I'm glad they came. I'm glad they came here tonight to give us their views on this particular piece of legislation.

But, ultimately, I think what we all have to agree on is that we need to be defenders of the democratic system. We need to defend this institution, and one of the ways to defend it is to stand up and say we agreed two years ago that, if we did a certain thing, that we would be taking a 40 percent reduction in our salary and we won't change our minds now, we'll continue on. If this is the path that the government feels they need to take, they need to go to a five-year economic recovery plan when, you know, the federal government is winding up their stimulus plan because they have to say that things are working, that the economy is sort of moving into recovery. But, if the government feels that they need to have a five-year recovery plan, well, you know, then defend that. Then go out there and knock on those doors and swagger into the coffee shops or whatever you want to do, defend it. But don't feel so skittish about what you're saying that you're going to try to protect your own salary and not live by the penalty that you set up.

You know, I didn't set up this penalty. I didn't put in place this 40 percent penalty. Your government, the NDP government, put in place this penalty and now they don't want to—it was two years ago that the government confirmed this particular piece of legislation. Now the minister says no. She's laughing. She doesn't—she's gone—she's flashed back to the mid-1990s. She's flashed back to 1995 where she's railing against balanced budget legislation.

She's railing against the concept. She now is going full flight into disagreeing with balanced budget legislation. Well, that would be at least be a positive step because at least she would've come out from what I think is a bit of a charade, saying that in one hand that you support legislation for balanced budgets and on the other hand saying that you're going to get it.

If she's coming out now and showing her true colours and saying, yes, I absolutely disagree with it, well, then, I'm glad, because that's a step at least towards—I don't want to say honesty—but it's a step towards something that's closer to honesty than I think must have been betrayed by the government to this date. But, ultimately, two years ago, they said they agreed with the legislation, that they agreed with those penalties. The Finance minister then and now the Premier (Mr. Selinger) said he agrees with that, so to change it at this particular time, I think, would be a little difficult to believe.

So this motion that I brought forward is really about protecting those who, I think, are losing faith in the political system, which serves none of us—which serves none of us. It doesn't matter which political party you are in because, ultimately, we are each here as a result of voters being engaged in the system. And, as we see the numbers on a general election go from 70 to 65 to 60 to under 60 and, in some ridings, under 40 percent—and I know there's a variety or different reasons that sometimes happens. You can have bad weather—and I know the northern communities are sometimes impacted by that in particular—but I do believe that there is a strong part of the electorate who believes that their vote doesn't matter and that it's become a cynical sort of endeavour, that they don't think that it makes a difference who they vote for—

Mr. Chairperson: Mr. Goertzen, your time has expired.

Mr. Goertzen: Oh, I'm sorry, Mr. Chairperson. I didn't intend to take my entire 10 minutes, but I look forward to hearing the comments of other committee members.

Mr. Chairperson: Thank you.

Mr. Cullen: It is unfortunate we only have 10 minutes to discuss this motion that my colleague has put on the floor. I know he would love to carry on debating it for quite some time so, you know, maybe we'll have an opportunity later tonight to get—carry on the debate in some fashion. But, Mr. Chair,

I'm, you know, very impressed by the number of out-of-town presenters we had tonight. You know, I talk about—we talk about democracy here and it's really encouraging to see people want to come and discuss politics and talk about democracy and talk about Bill 31.

And I think what happened in Bill 31 that it has tweaked their interest is, of course, the notion that the 19 Cabinet ministers are protecting their salary. And you see that in some of the presentations, and then you see that in some of the written presentations that we have before us that, you know, that some of the people weren't able to attend. I certainly hope that, you know, the committee sees fit that we do allow more Manitobans to present tomorrow night too. And, hopefully, we can come to an agreement on that, you know, as the night progresses.

But you can certainly see the frustration with what the change in this legislation does. And, as I said before, you know, this is the third time the government of the day is trying to get the so-called balanced budget legislation correct. And, you know, as it evolves and they can't live within the rules they've written, they go and they decide that they're going to change the rules.

And I think Ms. Bowslaugh from Brandon kind of hit the nail on the head in her presentation today, and I'm just—I'm going to quote from what she had in her presentation: Thus I wonder at your little child-in-the-sandbox syndrome. If you do not recall the game, you may have witnessed same whereby the children in the sandbox make up the rules. Sometimes rules are not fair. Sometimes the rules show disrespect. Most time the players make rules to look good, as in the potential for this amendment in Bill 31. Sometimes the rules backfire and the players become the victims. This may be the case this time, and thus I say, be careful how you play in the sandbox.

So, you know, those are the kinds of comments that we're hearing from the public, and I think we'll probably hear some more from the public, hopefully, you know, tomorrow night.

And, you know, the other letter that I found quite interesting, a letter from Peter John Clements from Virden, Manitoba. He wasn't able to join us, but he did supply a written statement, and he lays things out pretty frankly in terms of what he—his views in terms of the ministerial salaries and what they're trying to accomplish under Bill 31. And he points out the government has nothing but contempt for the people

of Manitoba. And I think that's exactly what the people that—you know, a lot of people we heard from tonight is that the government is showing contempt for the people of—by Manitoba by introducing Bill 31.

That's why my colleague from Steinbach has brought forward the motion, you know, in respect to the ministerial salaries. You know, if we as legislators are going to make promises to the public, I think we owe them the right that we are going to stand up to our word. I know Mr. Doer, when he was the premier, he made five statements to the people of Manitoba, an election platform. That—one of them was he was going to respect the balanced budget legislation. Well, as we see, if the government of the day can't work within the balanced budget legislation, then what they do is they start tinkering with the definition.

An Honourable Member: Tinkering, that's generous.

Mr. Cullen: And then maybe that is generous, using the term "tinker." And it was very interesting to hear, you know, some people in the legal community, lawyers and lawyers-in-training, their take on this particular piece of legislation.

You know, quite frankly, I'd be interested to read some of this in *Hansard* as well. You know, we hear terms like cannibalism in reference to the budget discussions and how the government has handled the budget, and the lack of fortitude we find in terms of trying to balance the budget, and respect to the amount of money that's being consumed by interest payments. And, you know, those people, when they talk about those kinds of terms, in terms of how significant interest payments is to the economy here in the province of Manitoba, to the fact that we're losing close to \$800 million a year in interest payments—and to use the term cannibalism, it certainly puts things in perspective for us.

* (23:50)

But, getting back to the legal opinions that we saw tonight, you know, sometimes we as politicians, we always look at legislation, at least in opposition, with a bit of a grain of salt, and what the government of the day is trying to accomplish. And to us it was pretty clear that, you know, the government of the day and the Cabinet ministers here are trying to protect their salaries. And it doesn't amount to a lot of money, but, as the people point out—you know, maybe \$9,000 for each Cabinet minister—but, as

people point out, it is—it's the issue. It's the—it's kind of the impact that it leaves with people that, you know, we're not being open and transparent in terms of what we're doing. And, by bringing in, you know, that particular piece of legislation in with this particular bill, leaves a sour taste in people's mouths.

And I wish the government would have taken the high road here in terms of this particular legislation and brought it forward in a different manner, because some of the, we have a few presenters tonight talking about the implications of the various changes in terms of the tax acts, but a lot of them were keying in on the component of the ministers—ministerial salaries. And, obviously, that's hit a nerve with a lot of Manitobans.

We certainly—we had the debate in the Chamber about our thoughts on Bill 31, and a lot of our comments as Progressive Conservatives centred around what the government was trying to do in terms of ministerial salaries. And it was unfortunate, Mr. Chair, that we didn't hear too much from the government. We thought it might have been real opportunity for, you know, Cabinet ministers to put some words on the record in terms of how they view this particular legislation. And, certainly from the backbenchers, too, I think it would have been an opportune time for them to put some comments on the records in terms of what this budget does.

The other thing that was quite interesting tonight was the fact that, you know, we're bringing in legislation that is retroactive. You know, the one lawyer talked about legislation that's retroactive to 18 years ago, and you wonder what the motive was behind something like that. It doesn't make sense for us that a government would bring in legislation that's retroactive to 18 years ago, and it's going to have serious economic implications for a lot of Manitobans, not just in the business community, but a lot of Manitobans. And it's the same sort of situation with the revision to the balanced budget. You know, their amending definitions in there, and as one of the other young lawyers or legal minds said, it certainly was creative in terms of the way the government has worded what they're trying to accomplish with their salaries.

And it's very unfortunate when we see these kinds of actions, and it just adds to the degree of cynicism. And it's too bad we are not hearing more about this in terms of the mainstream media, that would engage more Manitobans in terms of what Bill 31 is actually trying to accomplish. And really

it's about being upfront and transparent with Manitobans. And I know the Minister of Finance (Ms. Wowchuk) is relatively new to the position, but I think she owes an onus to Manitobans to be upfront with them. *[interjection]* Thank you, Mr. Chair.

And, you know, our debt has increased substantially here in the province of Manitoba in the last 11 years. And yet, at the same time, we're out there trying to sell the premise that we actually have had balanced budgets, but we know they were balanced budgets within the definition of the government. So now that they can work—they can't balance their budgets within that particular definition, they have to move along the line and revise the definition of what a balanced budget legislation is.

So I certainly just wanted to say, again, I'm certainly in favour of the motion brought forward by the member for Steinbach (Mr. Goertzen), and I thank you very much for that time.

Mr. Briese: Mr. Chair, I certainly am pleased to say a few words about the motion that the member for Steinbach brought forward. You know, I listened carefully to the presenters here tonight, and there were certainly some things that really did jump out at me, one being the number of young people that were actually here presenting and concerned about Bill 31.

But another one that kind of caught my attention was Cy Fien talking about the amendments retroactive for 14 years, that tax going back for 14 years. And, if the government of the day is going to do something like that—and I can't understand why there isn't some kind of statute of limitations or something, but I can't then understand why we would have any deficit budgets, because why wouldn't you just slap in a tax that goes back on something else for 14 years until you got enough money to balance it off?

There's a number of things. Why don't you raise all those taxes that are quite a bit higher now, but let's make them all retroactive for quite a ways? Well, all the ones that you put in place, all the fees, services, all those types of things—you know, Mr. Doer absolutely said whatever the Filmon government had right. And balanced budget, in his view, was one of the things that we had right, and he said—campaigned in '99 on keeping balanced budget legislation, and even campaigned in '07 on keeping balanced budget legislation. How quick the wheels fell off once he moved out of the province and

moved on to a higher calling. I certainly congratulate him on where he is, but it was—I think the whole—the new Premier (Mr. Selinger) and the whole Cabinet kind of lost direction when he moved away.

You know, we talk about the apathy of voters, and that's one of the reasons I was quite pleased to see some younger people here tonight. We sometimes in this House promote that apathy, and government is certainly promoting it with Bill 31, basically, going out, changing the rules just to suit their own purposes in this case. And young people do get put off by that and say, why should I even take an interest in politics? Why should I work to get somebody elected when they will do something that's as underhanded as what's happening with this bill?

You know, three years ago at the civic elections in my own town in Neepawa, there were a couple of young Sri Lankan people visiting in Neepawa at the time, and they brought them over to the polling station in the hall there. There was probably about 10 polls in the place. And they brought them over and to show them how civic elections were run in Manitoba, in small-town Manitoba, but in Manitoba in general. And I happened to be standing right there, and the first thing one of these young people said was, well, where are the soldiers? Where are the guards at the polling stations? We can't have elections at home without guards at polling stations.

It really started to hit home when that was said to me. You know, we have this wonderful right, this wonderful democracy, the right to go out and vote and to actually take part in the government of our country and of our province and of our municipality, and it hit home for with me. And I wish more people knew that story because, you know, there's places in the world where people die to try and get the right to vote and to try and be involved in elections. So it really did hit home to me.

You know, we're going to hear—once again, the Minister of Finance's (Ms. Wowchuk) constant refrain is, well, we put forward a budget and we had these things in the budget that—and you people didn't support it. We suggested we were going to do this and you didn't support it. But, you know, my question that arises out of this—and I've heard this over and over again in the three years I've been in the House—rises out of this. All those pieces of legislation passed. They actually passed. We didn't support them, but they passed. So now these things aren't working, but the legislation you wanted

passed. How could you be such abject failures at getting these things to work?

* (00:00)

Like the justice system. You talk about more police on the streets and you say it was in the budget and you say we didn't support it, but you passed the budget. There's your money for those extra cops on the street. How's it working? Like, you passed what you wanted and then still ended up with abject failures on what you're doing. Like, I can't understand that. If we were actually defeating the piece of legislation that you were putting forward, then that becomes different and we defeated it and we did derail what you actually wanted to do with your legislation. But we didn't—we haven't derailed any of it, and we vote against most of those pieces of legislation that you talk about and especially the budget because of some of the other underhanded things that are going on in that budget and some of the things that need to be put to rest, for instance, things like protecting your own ministerial salaries.

Mr. Chairperson: Order, please. The hour being 12 midnight, I must interrupt the proceedings as per our rules, with the understanding that when this committee meets again tomorrow—or today, June 3rd, at 6 p.m., in this room 254, the first order of business will be the motion that's before the committee.

Committee rise.

COMMITTEE ROSE AT: 12:01 a.m.

**WRITTEN SUBMISSIONS PRESENTED
BUT NOT READ**

Re: Bill 31

Dear Sir/Madam,

Bill 31 Views

Ever since Doer walked out on Manitoba for a bag of gold, the reins have been handed over to Greg Salinger and his gang of 19. During this time it has become obvious that the NDP provincial government has nothing but contempt for the people of Manitoba.

Laws have been passed that do not represent the views or aid the people of this province, in fact quite the opposite.

I refer to Bill 31, which was introduced by the NDP recently. This bill if passed will protect the salaries of cabinet ministers and allow them to avoid a legislated pay cut that was mandated in 2008.

Now those public sector workers who have been asked to take a pay freeze and various organizations that have had their funding cut will be very pleased to hear this. Everyone will be pleased to hear of the \$2.3 billion added to the provinces debts this year and relieved to hear that the cabinet ministers will add to their already fat wage packets. OK I know they are only human and everyone wants a big salary, but they are supposed to set the example for the rest of us.

First we had the wastewater disposal regulations that insist on ejector systems being removed and replaced by a septic leech field at the residents own expense. This is a law that is based, not on science, but on the provincial government's need to look good on the environment. They claim to have an excellent record on water stewardship, but in actual fact the opposite is true once again.

The law places a grossly unfair burden and huge financial expense on rural residents and then proposes amendments, (brought in because they got caught out) which do not go far enough to ease the burden. In fact they increase the government's ability to penalize people who do not do what they are told. One is beginning to feel like a criminal for having an ejector system.

Actually I spoke to a pensioner of this province recently and the sorry fact is that he had been visited by a conservation officer and told to decommission his septic ejector immediately. When he asked what he should do about it and asked for her help, he was told that it was 'his problem,' and went on to threaten and intimidate him with various harsh fines and prosecution.

The fact is that they have consistently refused to reveal their scientific sources leads me to believe that there are none. As a biologist and environmentalist I know that science overwhelmingly supports the ejector system over the leech field. However, I digress, but I digress only to prove my point of this assembly's utter contempt and disregard for ordinary people.

Now bill 31 catches them out again with their hands in our pockets. The government has no problem with sweeping cuts in the province and asking public sector workers to limit their pay, but ensures that Mr. Salinger and his cronies are able to line their pockets with pay rises that plunge the province into debt.

This 'I'm all right Jack' attitude shows them for the disgrace that they are. People might be inclined to

think that this is a mafia style of government, fleecing the province for their own benefit and taking the cream from the top of the milk.

I know that we elected them to be our leaders, but I must remind them that they are also public servants, administering the province at the will and wishes of the people. Instead I am reminded of tales of Robin Hood, with the land ruled over by Prince John and his cohort the Sheriff of Nottingham. Problem is that we do not have a Robin Hood and must hope that the people of merry Sherwood (sorry, friendly Manitoba) rally to overthrow this government as soon as possible. They are supposed to be protectors of the public purse not dipping their hands in the proverbial till.

Now in my view, I feel that the people behind this bill, including Mr. Salinger should resign immediately, but of course they will not. I will tell you this however Mr. Salinger, the people of Manitoba are on to you now and come the next election the NDP government will be no more. Personally as an NDP supporter, I shall be voting Conservative for the first time in my life, as I can no longer tolerate the one thing this government is good at; CONSISTENCY. Consistency of double standards and hypocrisy.

Bill 31 must fall and those that support this bill must live with the shame that will no doubt elude them when they draw their inflated pay packet.

Try democracy for once guys and come clean with the truth, that bill 31 is a selfish law that helps no one but yourselves.

A strongly worded statement, yes. Excessive, no. Just a reflection of the feelings and frustrations of myself and many other residents of this province of ours.

Peter John Clements,
Virden, Manitoba

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Re: Bill 31

June 2, 2010

Dear Members of the Legislative Committee:

Brief regarding – Bill 31: The Budget Implementation and Tax Statutes Amendment Act

The Retired Teachers' Association of Manitoba (RTAM) is aware of the economic plight facing all provinces and countries during this recession period. RTAM also understands that the present Manitoba Balanced Budget legislation would have serious implications for Cabinet Members' salaries and presumably their future pension.

RTAM feels that this legislation serves to alleviate the challenges faced by Cabinet members while not dealing with the COLA problem faced by RTAM members. Bill 45 passed in 2008 has still not fixed our COLA problem. Other public sector services plans saw their COLA improve more substantially through Bill 8 passed 2009.

This week's press and media seem to indicate that other public sectors' COLA issues are being addressed. We now look forward to action from your Government to address the unfairness and inequity experienced by retired teachers.

Thank you for your attention and consideration given to this Brief.

Respectfully submitted

Richard R. Benoit
President, RTAM

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

<http://www.gov.mb.ca/legislature/hansard/index.html>