

Second Session - Thirty-Eighth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Legislative Affairs

Chairperson
Mr. Daryl Reid
Constituency of Transcona

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Eighth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LEGISLATIVE AFFAIRS

Wednesday, June 9, 2004

TIME – 6:30 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Daryl Reid (Transcona)

**VICE-CHAIRPERSON – Ms. Kerri Irvin-Ross
(Fort Garry)**

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Bjornson, Hon. Ms. McGifford,
Hon. Mr. Smith, Hon. Ms. Wowchuk

Messrs. Eichler, Goertzen, Ms. Irvin-Ross,
Messrs. Martindale, Penner, Reid, Mrs.
Stefanson

Substitutions:

Mr. Nevakshonoff for Hon. Ms. Wowchuk
at 10:03 p.m.

APPEARING:

Mr. Kevin Lamoureux, MLA for Inkster
Mr. Leonard Derkach, MLA for Russell
Mr. Stuart Murray, MLA for Kirkfield Park

WITNESSES:

Bill 46–The Teachers' Pensions Amendment Act

Mr. Denis Fontaine, Private Citizen
Ms. Laurena Leskiw, Private Citizen
Ms. Pat Bowslaugh, Private Citizen
Mr. Ray Sitter, Private Citizen
Mr. Brian Paterson, Private Citizen
Mr. Don Berry, Westman Retired Teachers'
Association
Mr. Terence Clifford, Private Citizen
Ms. Yvette Spence, Private Citizen
Ms. Peggy Prendergast, Private Citizen
Mr. Brian Ardern, President, Manitoba Teachers'
Society

Bill 49–The Municipal Amendment Act

Ms. Debbie Penner, Manitoba Park Owners
Association

Bill 50–The Municipal Assessment Amendment
Act

Mr. John Petrinka, Veterans Association

Bill 42–The Mines and Minerals Amendment
Act

Mr. Chris Lorenc, President, Manitoba Heavy
Construction Association

WRITTEN SUBMISSIONS:

Bill 46–The Teachers' Pensions Amendment Act

Mr. Gordon Henderson, Private Citizen
Mr. Richard McIntyre, Private Citizen
Mr. Terence Clifford, Private Citizen

MATTERS UNDER DISCUSSION:

Bill 42–The Mines and Minerals Amendment
Act

Bill 44–The Colleges Amendment Act

Bill 46–The Teachers' Pensions Amendment Act

Bill 49–The Municipal Amendment Act

Bill 50–The Municipal Assessment Amendment
Act

Bill 53–The Statutes Correction and Minor
Amendments Act, 2004

Mr. Chairperson: Good evening, ladies and gentlemen. Will the Standing Committee on Legislative Affairs please come to order.

This meeting has been called to consider the following bills: Bill 42, The Mines and Minerals Amendment Act; Bill 44, The Colleges Amendment Act; Bill 46, The Teachers' Pensions Amendment Act; Bill 49, The Municipal Amendment Act;

Bill 50, The Municipal Assessment Amendment Act; and Bill 53, The Statutes Correction and Minor Amendments Act, 2004.

We have a number of presenters registered to speak this evening, and I will read the names as follows by bill number.

Bill 42, The Mines and Minerals Amendment Act: Chris Lorenc, President, Manitoba Heavy Construction Association.

Bill 46, The Teachers' Pensions Amendment Act: DeeDee Rizzo, Retired Teachers Association; Peggy Prendergast and Yvette Spence; Brian Arden, President, Manitoba Teachers' Society; Laurena Leskiw, private citizen; Pat Bowslaugh, private citizen; Ray Sitter, private citizen; Brian Paterson, private citizen; Don Berry, Westman Retired Teachers' Association; Terence Clifford, private citizen; and Denis Fontaine, private citizen.

Bill 49, The Municipal Amendment Act: Debbie Penner, Manitoba Park Owners Association.

Bill 50, The Municipal Assessment Amendment Act: We have John Petrinka, Veterans Association.

If there are any members of the public who wish to have their names added to the list, please see the committee room officer at the back of the committee room here, and we will add your name to the list.

For the information of all presenters, 20 copies of any written versions of presentations are required. If you need help with photocopying please speak with our staff at the back of the room. As well, I would like to inform presenters that, in accordance with our rules, a time limit of 10 minutes has been allotted for presentations, with another 5 minutes allowed for questions from 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 the presenter is not in attendance when their name is called for a second time, they will be removed from the presenters' list.

A written submission on Bill 46 from Mr. Gordon Henderson has been received and distributed to the committee members. Does the committee agree to have this document appear in the Hansard transcript of this meeting? *[Agreed]*

On the topic of determining the order of public presentations, I will note that we do have out-of-town presenters in attendance this evening. Their names are marked with an asterisk on the various lists. As well, we had a request from Mr. Denis Fontaine, presenter 10 for Bill 46, who wishes to make his presentation in French.

We do have translation staff on hand to accommodate consecutive translation. With these considerations in mind, I ask the committee members, in what order does the committee wish to hear the presentations this evening?

Ms. Kerri Irvin-Ross (Fort Garry): Bill 46, for the one presenter requiring translation; Bill 49 and Bill 50: presentation and clause by clause to be heard in its entirety; Bill 42, Bill 46, Bill 44 and Bill 53.

Mr. Chairperson: Is that agreed by the committee? *[Agreed]*

* (18:40)

Hon. Diane McGifford (Minister of Advanced Education and Training): Mr. Chair, I did not hear whether the Member for Fort Garry mentioned Bill 44, and since it is my bill I want to make sure it is on the list. *[interjection]* It was mentioned. Thank you.

Mr. Chairperson: Yes, there are no presenters listed at this time.

I would like to inform all in attendance of the provisions in our rules regarding the hour of adjournment. Except by unanimous consent, a standing committee meeting to consider a bill in the evening must not sit past midnight to hear presentations unless fewer than 20 presenters are registered to speak to all bills being considered when the committee meets at 6:30 p.m.

As of 6:30 this evening there were 13 persons registered to speak to these bills. Therefore, in accordance with our rules, this committee may sit past midnight to hear presentations. How late does the committee wish to sit this evening?

Mr. Doug Martindale (Burrows): Mr. Chair, I would suggest that we revisit this issue at midnight.

Mr. Chairperson: It has been suggested that this committee revisit the midnight sitting time at that point. Is that the will of the committee? *[Agreed]*

Prior to proceeding with public presentations here this evening, I would like to advise members of the public regarding the process for speaking in committee. The proceedings of our meeting are recorded by Hansard in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I have to first say the person's name. This is the signal to Hansard to turn the mikes off and on that record the presentations here this evening. So I thank you for your patience and your understanding.

We are now prepared to proceed with the bills.

Bill 46—The Teachers' Pensions Amendment Act

Mr. Chairperson: First, with Bill 46, our presenter, Mr. Denis Fontaine. Will you please come forward, sir. Bonjour. Welcome.

Mr. Denis Fontaine (Private Citizen): Bonsoir. Je voudrais vous remercier de me permettre de faire cette présentation ce soir.

Je me présente. Je suis membre des Éducatrices et Éducateurs manitobains à la retraite, un groupe francophone. Je suis membre de la Hanover Association of Retired Teachers et membre de l'association manitobaine des enseignantes et des enseignants à la retraite, c'est-à-dire la Retired Teachers' Association of Manitoba. Avant ma retraite, j'ai œuvré pendant plus de trente ans comme enseignant et comme directeur et j'ai participé au sein de nombreux comités de la Manitoba Teachers' Society.

Ce soir, j'aimerais vous offrir mon point de vue au sujet du Projet de loi 46. Je veux vous indiquer les modifications proposées que j'appuie, et vous préciser les éléments qui sont absents du projet de loi et qui m'inquiètent énormément.

J'appuie les modifications du projet de loi en ce qui a trait aux cotisations que versent les participants à l'égard de tout traitement en sus du traitement maximal pour lequel des prestations déterminées peuvent être accumulées, à l'achat de services passés, à l'égard d'un congé antérieur, à l'achat de services passés à l'égard d'un congé d'adoption, et aux cotisations exigibles en cas de congé de courte durée.

Mais je veux aussi vous communiquer mes inquiétudes au sujet des modifications en ce qui a

trait à la composition de la Commission d'administration de la Caisse de retraite des enseignants, au versement des cotisations, et aux redressements du régime pour tenir compte des augmentations au coût de la vie.

Le premier point, la question de grande importance qui, selon moi, devrait mériter votre attention plus particulière, est la représentation sur la Commission d'administration de la Caisse de retraite.

Je crois qu'il est essentiel que les enseignantes et enseignants à la retraite soient représentés directement au sein de la commission, c'est-à-dire de la Commission d'administration, TRAF. Cette personne qui nous représenterait pourrait être choisie d'une liste de noms soumise par la RTAM, la Retired Teachers' Association of Manitoba, tout comme les personnes qui représentent la MTS sont choisies d'une liste de noms soumise par la Manitoba Teachers' Society.

Les statistiques démontrent que le nombre d'enseignantes et enseignants à la retraite augmente plus rapidement que le nombre de ceux et celles qui sont actifs dans l'enseignement. En effet, le nombre de membres à la retraite s'élevait à plus de 8 600 en 2002 et ce nombre ne cesse de croître. D'autre part le nombre d'enseignantes et d'enseignants actifs demeure toujours près de 14 000. Par conséquent, je crois que le temps est venu de nous accorder une représentation sur la commission. Nous devons avoir un mot à dire au sein de TRAF pour protéger nos intérêts économiques.

La Manitoba Teachers' Society a droit à sa représentation à la commission. Mais je crois bien que la RTAM mérite sa représentation au sein de cette même commission pour respecter les principes démocratiques. Les deux groupes d'enseignantes et d'enseignants, c'est-à-dire ceux et celles qui sont actifs dans l'enseignement et ceux et celles qui sont à la retraite, doivent être représentés au sein de la commission afin que tous puissent participer pleinement au processus décisionnel lié à leurs pensions.

La situation actuelle qui permet parfois à la RTAM d'avoir un statut d'observateur aux réunions de la MTS où l'on discute de questions liées à la pension, n'est pas satisfaisante. De temps en temps cela arrive que la MTS et la RTAM ont des points de vue divergents et il est important que les

enseignantes et enseignants à la retraite puissent s'exprimer de façon indépendante sur les questions qui les touchent directement. C'est une question de justice et d'équité.

Permettez-moi maintenant d'adresser deux autres points que le Projet de loi 46 n'adresse pas, mais qui demeurent tout de même des aspects très importants qui devraient être adressés.

* (18:50)

Le premier point : les contributions insuffisantes au plan de pension. Je crois inacceptable que le Projet de loi 46 ne touche pas à la question des contributions insuffisantes au plan de pension. Les analyses actuarielles démontrent que les contributions au régime de pension qui sont versées par les enseignantes et les enseignants actifs sont tout simplement insuffisantes. La MTS a discuté avec le gouvernement au sujet du besoin d'augmenter de 2 pour cent les contributions des enseignantes et des enseignants. J'appuie cette position, mais le Projet de loi 46 ne fait aucune référence à ceci.

Il n'est pas juste d'utiliser le surplus du régime de pension pour combler le manque à gagner créé par les contributions insuffisantes des nouveaux membres. Si le surplus est utilisé pour combler le manque à gagner, il ne peut pas être utilisé pour résoudre la question des redressements nécessaires aux pensions pour tenir compte des augmentations au coût de la vie.

Le second point : les redressements pour tenir compte des augmentations au coût de la vie. Le compte de redressement du régime de pension n'a plus la capacité d'accorder aux enseignantes et enseignants à la retraite un redressement annuel équivalent à l'augmentation de l'indice des prix à la consommation. Les analyses statistiques démontrent clairement que si cette situation persiste, les enseignantes et les enseignants à la retraite verront le pouvoir d'achat de leur revenu de pension diminuer considérablement. Ce problème, qui a été identifié à la fin des années 1980, perdure encore aujourd'hui. Il est temps de le résoudre.

En terminant je vous demande avec respect d'apporter les amendements nécessaires au Projet de loi 46 pour remédier à la question de la représentation de la RTAM sur la commission et d'adresser les deux autres lacunes les plus sérieuses

de la loi qui régit le régime de pension des enseignantes et des enseignants manitobains à la retraite.

Translation

Good Evening. I would like to thank you for enabling me to make this presentation this evening.

I will introduce myself. I am a member of the retired educators of Manitoba, a Francophone group. I am a member of the Hanover Association of Retired Teachers and member of the Retired Teachers' Association of Manitoba. Prior to my retirement I worked for over 30 years as a teacher and principal and I participated in many committees of the Manitoba Teachers' Society.

This evening I would like to offer you my point of view on Bill 46. I wish to indicate to you the proposed amendments that I support and point out to you the elements that are absent from the bill and that concern me a great deal.

I support the amendments to the bill with regard to the contributions that participants make on any salary exceeding the maximum for which defined benefits can be accrued, with regard to the purchase of past service for past leave, with regard to the purchase of past service for adoptive leave and with regard to contributions during short-term leave.

But I also wish to communicate to you my concerns over amendments in the area of membership on the Teachers' Retirement Allowances Fund board, contributions, and adjustments to the pension plan to take account of cost of living increases.

The first point, the issue of great importance which in my opinion should be given particular attention by you, is representation on the Teachers' Retirement Allowances Fund board.

I believe it is essential that retired teachers be represented directly on the board, that is, on the TRAF board. This person who would represent us could be chosen from a list of names submitted by RTAM, the Retired Teachers' Association of Manitoba, just as the persons who represent the Manitoba Teachers' Society are chosen from a list submitted by MTS.

Statistics show that the number of retired teachers is increasing more rapidly than the number of those

who are active in the profession. In fact the number of members who are retired reached more than 8600 in 2002, and this number continues to rise, while the number of active teachers remains at approximately 14 000. Consequently, I believe that the time has come to give us representation on the board. We should have our say within TRAF to protect our economic interests.

The Manitoba Teachers' Society is entitled to its representation on the board. But I believe that RTAM also deserves to be represented on this board in order to respect democratic principles. The two groups of teachers, that is to say those who are active in teaching and those who are in retirement, must be represented on the board in order that all may fully participate in the decision-making process related to their pensions.

The current situation, which sometimes enables RTAM to have observer status at MTS meetings where matters relating to pensions are being discussed, is unsatisfactory. From time to time it happens that MTS and RTAM have diverging points of view and it is important that retired teachers be able to express themselves independently on matters that affect them directly. This is a question of justice and equity.

Allow me now to address two other points that Bill 46 does not address but which nevertheless remain very important aspects that should be dealt with.

The first point: insufficient contributions to the pension plan. I find it unacceptable that Bill 46 does not deal with the matter of insufficient contributions to the pension plan. Actuarial analyses show that the contributions being paid into the pension system by active teachers are quite simply insufficient. MTS has discussed with the government the need to increase the contributions of teachers by 2 percent. I support this position but Bill 46 makes no reference to this.

It is not fair to use the pension system surplus to compensate the shortfall created by the insufficient contributions of new members. If the surplus is used to meet the shortfall, it cannot be used to resolve the matter of the adjustments to pensions necessary to take cost of living increases into account.

The second point: adjustments to take cost of living increases into account. The adjustment account of the pension system no longer has the capacity to

provide retired teachers with an annual adjustment equivalent to the increase in the consumer price index. Statistical analyses clearly show that if this situation persists, retired teachers will see the purchasing power of their pension income go down considerably. This problem which was identified at the end of the 1980s persists today, and it is time to resolve it.

In closing I respectfully request that you make the amendments necessary to Bill 46 to rectify the matter of Retired Teachers' Association of Manitoba representation on the board and to address the two other most serious deficiencies in the law governing retired teachers' pensions in Manitoba.

Mr. Chairperson: Merci, M. Fontaine.

Are there any questions for presenters to Mr. Fontaine this evening?

Mrs. Heather Stefanson (Tuxedo): I just want to thank you very much for coming out this evening. I certainly have heard from a number of retired teachers since I have become the critic for Education. The arguments are compelling. I appreciate you very much for coming out tonight and giving us your thoughts on this bill.

I do have one question for you, just a quick question. Are you currently a member of the Retired Teachers' Association of Manitoba?

Mr. Fontaine: Yes, I am.

Mr. Kevin Lamoureux (Inkster): Just one very quick question. If you had a choice, Mr. Fontaine, as to this legislation passing today or ultimately coming back at a future date with the type of amendments that you are talking about, what would it be?

Mr. Fontaine: Est-ce que je réponds en français? Je pense que si la RTAM pouvait avoir une position sur la commission, cette question pourrait être discutée par les regroupements qui siègent à la commission pour avoir une solution commune.

Translation

Shall I answer in French? I think that if RTAM could have a position on the board, this subject could be discussed by the groups that sit on the board in order to reach a common solution.

Mr. Chairperson: Further questions, committee members?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Thank you very much. Merci beaucoup.

Mr. Fontaine: Merci.

Mr. Chairperson: Bonsoir.

Okay. As previously agreed—oh, yes, before our translation service leaves for this evening, John, if you would not mind translating for us to ask if any of our presenters who are here this evening might wish to have translation services to make their presentation. Would you please make that inquiry of the audience?

Mr. John Statham (Translation Services, Province of Manitoba): Est-ce qu'il y a d'autres personnes dans la salle qui voudraient faire une présentation en français ce soir? Veuillez le signaler maintenant en levant la main, s'il vous plaît.

Je crois que non.

Translation

Are there any other persons in the room who would like to present in French this evening? Please indicate now by raising your hand.

I believe not.

Mr. Chairperson: We will proceed with the other bills then. Thank you for your assistance, John.

Bill 49—The Municipal Amendment Act

Mr. Chairperson: The next bill that we will be considering will be presentations on Bill 49. As previously agreed by the committee, Bill 49, The Municipal Amendment Act, the name of the presenter registered is Debbie Penner, Manitoba Park Owners Association.

Is Debbie Penner in the audience this evening? Please come forward. Do you have a written presentation?

Ms. Debbie Penner (Manitoba Park Owners Association): Yes.

Mr. Chairperson: The page will help you with the distribution then. If you just hold a moment until we distribute then we will proceed.

Please proceed, Ms. Penner, when you are ready.

Ms. Penner: The Manitoba Park Owners Association is a provincial association that represents the interests of many Manitoba based mobile home park operations. Parks throughout Manitoba face a number of regulatory problems that led to the creation of this association in order to be able to present a united front to government in seeking fair and equitable resolution of the problems.

We appreciate the opportunity to speak to you today regarding Bill 49, The Municipal Amendment Act. My comments today are primarily directed to Division 3.1, the Mobile Homes section. It is very clear that the legislation, Bill 49, which has been introduced by the Honourable Ms. Mihychuk, was drafted in an effort to increase funding, but unfortunately it does not create a system that treats park residents and operators in a fair and equitable manner.

The background of the taxation or assessment in The Municipal Act, in 1997 some sections of The Municipal Act were deleted, leaving the municipalities that did not have an existing by-law for mobile home licensing fees without guidance or direction on how to handle revenue generation for mobile homes and mobile home parks.

Mobile home parks that fall within the latter scenario have typically been changed over to the property assessment method. Some municipalities that had an existing licensing fee by-law have seized the opportunity to change their mobile home parks over to the property assessment method.

* (19:00)

As a result, mobile homes in mobile home parks are currently being assessed and taxed at the same level as traditional site-built homes in subdivisions. The problem is that mobile home owners are now paying taxes to the municipality covering a number of services that are provided by the park owners, not the municipality, and the cost thereof is passed on to the mobile home owners in the land rent they pay. The end result is that mobile home owners now pay for services twice. They pay for them monthly to the

park operators who actually provide the services, and then they pay for them again through property assessments and taxation imposed by the municipality, which does not provide them.

Bill 49 states: An amendment under subsection 2 must provide that the amount of licensing fee for a mobile home payable under the by-law approximately equals the amount of property taxes that would be payable if the mobile home was assessable property.

Now, how will the municipalities accurately determine what this amount payable is if the homes are being assessed? If the amount assessed is deemed to be unfair, what options are available to the mobile home owners to appeal the amount of the licensing fee.

The issues noted above were previously brought forward to the Intergovernmental Affairs Department with the recommendation that a separate property class be established for mobile homes. That recommendation was based on the fact that many of the most costly traditional services provided to mobile homes are provided by the mobile home park owners rather than the municipalities. It is noted that the services typically provided by the park owner are owned, operated and maintained by the park owner and include all the infrastructure contained within the park boundaries. It includes the water sewer systems, all roadways, surface drainage systems, street lighting, et cetera. The mobile home park is fully assessed and taxed on the value of the infrastructure.

As a result of the above, the mobile home licensing fees and/or property assessment value are and is being determined. The amount payable must clearly reflect the fact that significant essential services are being supplied by the mobile home park owners rather than the municipality. The response we received was, I believe, that it is best to recognize that there is not uniformity in the circumstances of either mobile home parks or communities. Using a new property class to reduce the portioned assessment of parks would be a broad-brush approach that would not account for the differences in services from park to park or the difference in financial circumstances of communities.

Servicing is a municipal issue best left to the municipalities to accommodate in accordance with the wishes of the ratepayers. I know of only one

municipality that has entered into a service agreement with the mobile home park owner to recognize and make adjustments for the infrastructure services they are charging for in the property taxes. In this case, the park owner is relieved of the tax burden on infrastructure and does not have to pass the tax burden on to the mobile home residents as part of their monthly rent. Accordingly, in this case, it is appropriate to assess and tax the resident mobile home owners for the value of the infrastructure services.

Many municipalities see no need for the servicing agreements and refuse to negotiate with the park owners, as there is no mechanism that it requires municipalities to enter into service agreements with the park owners. Most municipalities choose to not provide infrastructure services to mobile home parks, while they do provide services to most other property owners within the municipality. It is in these cases that the municipality double-tax the value of infrastructure services. First they are assessed and they collect it from the park owner, who in turn recoups the amount from the resident mobile home owners in the rent. Then they assess and collect it from the resident mobile home owner, who already has paid it to the park owner. This is taxation that typically impacts Canadians of modest means that can least afford it, young families and retirees living in mobile homes.

The reason we need a separate property classification for mobile homes is there seems to be no other way to cause mandatory recognition of the servicing issues noted and cause the municipalities to make appropriate adjustments in the mobile home property assessments. A study prepared for the Canadian Housing and Renewal Association cited the infrastructure inequities noted above in mobile home parks and went on to refute certain other myths associated with mobile home parks.

Three taxation-related conclusions of the study pertaining to mobile home communities follow. Reality No. 4: Mobile home parks reduce the financial burden on municipalities by providing many services and facilities which would normally be provided by municipal government. Reality No. 6: Manufactured housing, mobile homes and land-lease communities are unfairly treated by the tax system relative to site-built housing. Reality 8: The empirical evidence suggests that mobile home parks subsidize municipal services.

Collection of the property taxes on resident-owned mobile homes, in addition to the inequity associated with the double-taxation of infrastructure services imposed on mobile home owners, there is a further tax-related inequity imposed on mobile home park owners by being forced to collect and remit resident-owned mobile home taxes.

There are two primary issues associated with the above. Park owners are being held responsible to collect and submit the taxes for each individual resident mobile home owner. If the mobile home owner refuses to remit their taxes to the park owner, the park owner is held liable and required to pay the taxes, even if he does not own or have interest in the mobile home. The current definition of rent is such that park owners cannot collect the taxes they are required to collect, but are still held liable and responsible to pay the taxes.

The resolution of the above can follow one of two courses. Taxes for resident-owned mobile homes can be assessed and billed directly to each mobile home owner who shall be fully responsible for payment of those taxes. The definition of rent, which is now part of Bill 39, will presumably be changed, enabling park owners to collect taxes from resident mobile home owners and take legal action against them in the event they refuse to pay.

If this course is chosen, park owners should be provided with separate assessments and tax information for each mobile home for which they are being held responsible, and they should be paid a reasonable collection fee commission for the taxes they collect and remit.

Other provinces have wrestled with the same issues and come to various conclusions, but three we are familiar with have found solutions that are fair and equitable.

British Columbia. The owner of a manufactured home park is assessed for all land in the park together with the site improvements, but not for the resident-owned mobile homes or improvements already assessed in the name of the park tenants.

Alberta. The owner of the manufactured home park is assessed for all land in the park, together with site improvements, but not for the resident-owned mobile homes or improvements.

Saskatchewan. Park owners are required to collect and remit taxes but are paid a 6% commission on collection for doing this work on behalf of the government.

Conclusions and our recommendations: the Manitoba Park Owners Association recommends that an amendment should be added to Bill 49 that requires establishment of a separate property class for mobile homes, and that the municipalities be required to determine the value of infrastructure services owned by the mobile home park owner and deduct the value of those services from the assessment and taxes imposed on the resident-owned mobile homes.

Alternately, an amendment should be added to Bill 49 requiring that mobile home parks and their resident mobile home owners be provided with the same municipal infrastructure services as is typically provided to other homeowner taxpayers in their jurisdiction.

In either case, the assessment and taxes applicable to resident-owned mobile homes should be imposed directly on the resident mobile home owners by the jurisdiction having responsibility and that jurisdiction should have full responsibility for tax collection.

If it is determined that mobile home park owners are to continue to be responsible for the collection of property taxes imposed on resident mobile home owners, the municipality should be required to determine the assessed value of each mobile home, provide the park owner with a detailed statement of assessment and taxation applicable to each resident mobile home owner.

In addition, park owners should be paid a 6% commission by the municipality on the total amount of taxes collected on its behalf. The 6% amount is calculated to cover the actual costs of providing this collection service.

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

Any questions from committee members?

Mr. Jack Penner (Emerson): Well, thank you very much, Ms. Penner, for your presentation. I just want people on the committee to note that I believe you

and I are not related, even with our last names. So I want to clarify that, just so they know that I am not playing favourites.

I want to ask you a question in regard to properties in general in rural Manitoba, pertinent to residency within a municipality that in most cases does not supply services other than probably maintaining the road going by a farmstead.

* (19:10)

In other words, sewer services are normally provided by the owner of the home themselves. Telephone services are provided by MTS and hydro services by Manitoba Hydro, as well as water services by the local water co-operative. So the municipalities really provide no services at all to that farmstead home, in most cases, in a given municipality.

Should there also be a recognition of that sort of situation pertinent then to all municipal properties outside of urban areas where the services are, in large part, provided and charged for under the tax system?

Ms. Penner: Well, I believe there are different scenarios depending where you are located, which municipality you are located in. But to date, we have tried every possible way to get some kind of agreement to accommodate for this double taxation issue. Whatever the recommendations may be, we are willing to look at any recommendation at this point.

To date, the only thing that we have come up with to uniform the whole situation is to come up with a separate property class for mobile homes on privately owned rented land.

Mr. Penner: Would the mobile home owners be satisfied if the calculation of the services provided by the park owner were calculated and the assessment done only to the homes and not the property therein, the park owner be charged an assessment in totality on the park and the services still be charged and provided to the mobile home owner? Would that be satisfactory to the mobile home owners' association?

Ms. Penner: I do not quite understand. You want to adjust the services from the park owners?

Mr. Penner: Deduct, I would suggest, the service cost provision under the assessment process. In other words, decrease the assessment of the property that your rent might in fact be lowered to compensate for the charges made by the services, the services then later on added to the mobile home and the mobile home be assessed separately. It would basically do what you are suggesting to do in a bit of a different manner.

Ms. Penner: That still does not accommodate for the maintenance of these lines that we are still accommodating. There are park owners out there that run and maintain their own lagoon systems. There are park owners out there that maintain their own water treatment plants. We are talking major services. We are not talking about one pipe running through a park. A lot of the parks can hook up to municipal services, a lot of them cannot depending where you are located, what area you are in.

Where the inequity comes in is these park owners are supplying these services, they are charging it to these people, these people are being assessed for those services but they are also being assessed now again on the services that the park owners must provide to the homeowners.

Mr. Kevin Lamoureux (Inkster): A quick question is are you familiar with any other provinces that do have a separate classification for mobile home parks.

Ms. Penner: No, I am not.

Mr. Chairperson: Questions from committee members?

Hon. Rosann Wowchuk (Acting Minister of Intergovernmental Affairs and Trade): I would like to take this opportunity to thank you, Ms. Penner. I know that there has been discussion between the department and people who operate mobile parks on this issue. I thank you for bringing your views to the committee.

Mr. Chairperson: Thank you, Ms. Penner.

Are there any other presenters on Bill 49 that might wish to make a presentation here this evening before we proceed to the next bill?

Seeing none, then we will proceed to Bill 50.

**Bill 50—The Municipal Assessment
Amendment Act**

Mr. Chairperson: Mr. John Petrinka, the Veterans Association. Mr. Petrinka, if in the audience, can you please come forward, sir.

Do you have a written copy of your presentation this evening, sir?

Mr. John Petrinka (Veterans Association): Would I come without a written copy?

Mr. Chairperson: Not that I have ever experienced.

We will distribute them to committee members, and then I will give you the signal to proceed.

You may proceed when you are ready, Mr. Petrinka.

Mr. Petrinka: I have two packages, Mr. Chairman. The second package is about 23-24 pages. I just did not feel that it was worthy of my cost to make 20 copies of it, so we are providing one copy, sort of as a master copy. It includes all the acts that I am going to be referring to and a few other things.

Mr. Chairman, I appeared before another committee on Bill 21 some two weeks ago. One of the complaints at that particular hearing was that our presentation was somewhat more complicated than it could have been. So I proceeded to go home that night and work till four o'clock that morning to come up with something that summarizes what I was trying to say through some 10 minutes of laborious complexity.

Anyhow, page 1 here is the summation of what we were trying to say back on the 25th of May. What we have outlined here is Bill 21 will solve one problem, and that is the school levy problem. If you take a look at the chart that I provided here for you, you will see that the tax levy by municipality or town is listed with an application of tax across the horizontal column. Take the Dauphin tax exemption, for instance, as our primary issue. It is what we would hope to gain here before this committee and before the committee on Bill 21.

You see that there is no municipal tax, no school tax, no business tax and that is a provincial assessment. Right under it, though, is another provincial assessment, Henderson Highway, which is paying municipal tax. Under school with Bill 21, there will be no tax after the application of that particular bill. So all of the following read no. But under business, you will be paying business tax on the Henderson Highway one, and the leasehold title does not apply.

With the Elmwood R.C.L., which is a city one, and the Unit No. 1 with the Army and Navy, which is just under that, you see where the Elmwood one will be paying no business, no school, and no municipal, as the result of a backdoor provision that exists under the City of Winnipeg By-law 7039/97, which, in essence, says that the municipal tax shall be applicable to the extent that the school tax is applied. So, if you have 100% removal of school tax, you will now have 100% removal of municipal tax.

So Bill 21, in essence, provides us with a half a loaf. If we were to back off at that particular point, our brethren here within the city of Winnipeg would be quite satisfied, I am sure, because they end up paying no tax. But in fairness, though, and I think this is what legislation is all about, in fact. Municipal assessment is based on fairness and the justification of equity based on that fairness. If you take a quick look at the ones in the city who are paying no tax, the ANAVETS, though, are still paying a leasehold title tax, which was dealt with back in 1998, and again through Bill 50, which we are confronted with today.

We have been passed over on two different occasions after having been made equitable with the sections that this leasehold title applies to. That basically makes reference to all the other non-profits other than veterans' associations, who have the benefit of leasehold title along with the Y's under the section above it, section (h). We are curious as to why we did not get this exemption back in 1998. We are also curious why we were not advised as to this bill coming through, and why we were not included in Bill 50. I am told by your assessor, Mr. Boreskie, which we will refer to in page 2, that under no circumstances has the Province of Manitoba, the assessor for the Province of Manitoba, been involved in the leasehold title application.

* (19:20)

Yet it arises out of city jurisdiction. It is advanced by the city assessor, and my argument here has always been with the City, why have you not done it? They keep blaming the Province for it. So I am not sure other than we now have an ipso facto definition of who is in charge here. That still remains to be seen, too, I guess.

But, if you would read the letter that I wrote back to Mr. Boreskie on May 20, 2004, I thank him in paragraph 3 for something which has really been outstanding for five or six years now. That is the fact that he has made this abundantly clear that the City of Winnipeg assessor was responsible. We ask why we have been passed over going back to 1998 now.

So if you take a look at what really has to be cleaned up in this matter here, we are talking about four different issues. Municipal school business leasehold, the school will be cleaned up. If we take a look at how long it has taken the school provision to be cleaned up, we go back to Bill 36 back in 1995. This is when all of this started, back in 1995. If you take a look at the bill today, it is an exact duplicate, Bill 21, of Bill 36 in 1995. So at that rate, if we are cleaning these up one for every 10 years, we should be finished with this matter as far as veterans' associations are concerned in the year 2036.

I can assure you that by the year 2036 there will not be many left. In fact, we have already lost a few outside of the Perimeter to taxation. We have lost one inside of the Perimeter, which I was intimately involved with, Imperial Vets at 280 St. Mary Avenue. They were closed down for a purported \$30,000 tax arrear bill. We showed very clearly that the overtaxation, the collection of school taxes since the introduction of the bill in 1970 to 1996 when we got the by-law change was an overpayment of \$1,105,000.

It sort of strikes you as odd that they would take a building for a so-called \$30,000 tax arrear, but that is what happened. We have had others outside the Perimeter, Ste. Rose, Crystal City, Boissevain. There are a number of others too that have closed down. Whether or not it was because of taxes, I am not that intimately involved, but it is a fact of life that it was a contributory factor.

I include a letter from Mr. Boreskie back in 2002 making the statement that such an amendment that we are talking about in Bill 50 is unlikely to take

place in the near future, but I will make a note to discuss it when consideration of amendments is next made. Well, I am asking in my letter to him on May 20, 2004: Why were we not considered when the amendments were made on behalf of the City of Winnipeg and their particular problem?

I wrote to the Premier on December 16 further in this package that we were looking forward to the promise that he had made regarding the Dauphin exemption. That promise was made to a Mr. Derkach, and it was made to the Leader of the Official Opposition and Mr. Gerrard in this picture here on December 6 at the Christmas party. In fact, I sent out a missive to all of the branches on December 19 with the permission of the then special assistant to the Premier, Pratik Modha. I asked him whether or not it was appropriate to send out this letter. I thought it would be a nice piece of Christmas news. He okayed it. Then we hear on March 10 or whatever it was, we were being given something, but it had to do with school. That was the extent of the recommendation for a reduction.

I would like to just read into the Hansard, you have a copy in that second package that I have given you, but I would like to read this into the record, because this was between the minister's special assistant and myself, post the meeting on Monday. It is addressed to Mr. Joe Urbanski, and it was faxed to him on Tuesday:

Dear Joe:

I felt a short note to yesterday's meeting would crystallize our comments. I believe that it is necessary for an assessment to have fairness and justness as its cornerstone. That principle is compromised in many regards as it exists today and will be further exacerbated by the passage of section 9, Bill 21. I am suggesting the government withdraw section 9, Bill 21, and replace same with an Order-in-Council to comply with section 18 of the act. Valid assessment requires that similar properties be similarly assessed.

I would suggest that you forget about the refrain to have municipalities consulted for the following reasons:

1. You have had my survey since 1999, and if a follow-up is required, then why have you not done so?

2. The Federation of Canadian Municipalities, of which the AMM, with 206 members, is a member, has in June 2000 asked that November 11 be made a stat holiday, at a cost of millions of dollars for our Manitoban taxpayers. This contravenes the essence of those responsible for the day receiving a stonewall of silence when it comes to maintaining its last post, wherein these memories or memoriams are nurtured, this at a cost of a couple hundred thousand dollars versus millions.

3. The Order-in-Council in 2002 exempting universities, where no consultation occurred with the municipalities of Brandon and Winnipeg, at a cost of \$17.5 million.

Our cost to municipalities, I will give you the largest ones: Brandon \$18,500; Thompson \$15,500; The Pas \$14,000; and a smaller one, Virden \$4,500. I think it is important, given that we are dealing here today with leasehold titles, and, further, the leasehold titles for the veterans which have been ignored since 1998, Bill 34, 1998. It is strange indeed that for some reason this has occurred and continues to with Bill 50 of this current session. The above Order-in-Council will correct this, but at the least our veterans should be added to Bill 50 today. In the same breath, add the change to section 30, which is the business tax of the act, which deals with the business tax.

Best regards,
John Petrinka

So on the last page of your presentation I have included a regulation for a proposed Order-in-Council. If we were to deal with Bill 21 and accept it as it is for 2004, that would be acceptable. If we then went and took Bill 50 today and added the leasehold title, effective for 2004, and the business tax, effective for 2004, these bills come into force January 1, 2005. I hate to think what could happen here, given what happened with Bill 36 in 1995.

It came into effect on the 1st of January, 1996. The department said because of the fact that your rolls closed on December 31, 1995, therefore you could not have 1996, therefore it would have to be put over until 1997. In the same report, the lawyer, in backing up the assessor, said it should not happen until 1998 because of the fact that it was new methodology, when it was not new methodology at all because there is only one way to do it and it stems from the fact that nobody, including a 1982 legal

decision where Judge Kroft, read into his decision the act but not the regulations.

* (19:30)

If somebody would have read the regulations I would not be here today. The regulations state very simply that you are taxed to the extent that you are licensed under The Manitoba Liquor Control Act. What The Manitoba Liquor Control Act says, that you cannot drink in this room, you cannot drink in the washrooms, you cannot drink in a kitchen and so forth. Those are all subtracted from the interior licence portion or the licence description.

So there are two ways that we are suggesting that this possibly be completed today, Mr. Chairman.

Mr. Chairperson: Mr. Petrinka, if I could ask you to make your concluding comments, please, because we have run out of time.

Mr. Petrinka: Yes. These are the concluding comments, sir.

An Honourable Member: I need some question time.

Mr. Petrinka: Pardon me.

An Honourable Member: I need some question time, so let us go.

Mr. Petrinka: Yes. You will have lots of time.

As I was saying, there are two ways that we could do this, Mr. Chairman. One is to accept Bill 21 as it is. This provides an exemption from school tax but make it for 2004. We waited long enough. It is 10 years since Bill 36 in 1995.

Secondly, to accept Bill 50 and add in the leasehold title. We have three in town who have now been paying a leasehold title tax in opposition to that that is being presented to all the other non-profits in the city of Winnipeg. What are we going to do for these people that have been paying this tax since 1998 while others have been exempt? I mean, I have a situation right now where I think one is ready to go under because of its leasehold title. They could use the relief.

Now add business tax into Bill 50. It is just as simple to do that as it is to do leasehold title and with

the municipal we will have to come back possibly with an Order-in-Council or do it all by way of Order-in-Council. I made all the deletions for you.

Mr. Chairperson: Thank you, sir. Are there any questions of the presenter?

Mr. Leonard Derkach (Russell): Yes. Mr. Petrinka, thank you for your presentation. I know that we are limited in terms of question time here in committee, but I do want to ask the question with regard to exemptions for Legions.

Bill 21 does exempt the education tax effective 2005. I have brought in an amendment to make that effective 2004. We are still negotiating in terms of whether or not that can be achieved or whether there can be a grant in lieu of taxes provided for the 2004 year.

But further to that, Mr. Petrinka, the municipal side of the tax on these Legions where basically we have people who occupy the Legions who are war veterans who have laid down their lives for this country and it seems to me that we can very easily with a stroke of a pen exempt institutions, for example, like the University of Manitoba and other universities in this province from paying education tax, yet these meagre facilities that we have across this country, both in the city of Winnipeg and also in rural parts of Manitoba, cannot enjoy that same standard and the standard that was granted to the Dauphin Legion. All we are asking for, I think, in your presentation and in this amendment is that, indeed, we honour the Legions in the same way that the Dauphin Legion was honoured a long time ago in terms of its exemption.

Mr. Petrinka: What is your question?

Mr. Chairperson: Mr. Derkach, did you wish to repeat the question?

Mr. Derkach: Oh, Mr. Petrinka, you and I go back such a long way and yet you do not understand me.

Mr. Petrinka, I am asking you whether, in fact, in all of your presentation, which is fairly complex, you are asking for an exemption from municipal and education tax, also the business tax on the non-profit earning premises of Legions across rural Manitoba and, indeed, in Winnipeg.

Mr. Petrinka: Mr. Chairman, we are indeed asking for that. We really do not care what other people are getting, okay? But I can cite you a list as long as my arm as those that are not only receiving from the federal government, from the provincial government and from the civic government, capital grants, operating grants, et cetera.

We are under a municipal by-law where we have been under municipal by-laws elsewhere. Mr. Scott will attest to that, where in Brandon they destroyed all of their exemptions. How long was that, Mr. Scott? *[interjection]* What happened here was that we have a situation wherein the Brandon Legion is sitting on a methane dump and they could not build on this piece of property if they wanted to and yet they had an exemption. They put a couple of ball parks on it. They maintained it themselves for the benefit of the community and we have this throughout the province where these buildings were built by members for the benefit of the community.

When I appeared before Beausejour to get the exemption, I put it to them this way: If you will not give us equity with Winnipeg, if you do not believe that the Town of Beausejour does not get \$2,000 in benefit from the presence of this particular Legion, whether it be volunteer labour, whether it be contributions, and Lunder is a very good example. They have made contributions to their hospital, to their skating rink, to their curling rink. They have nothing left to give, though.

Yes, we would like to see this done now, sir. Everybody else is getting it. In fact, I suggested to Stan Struthers today, "Let us do away with all this mess." He is from Dauphin. Let him make a proposal to the government sitting that they do away with the Dauphin exemption. We would not have a problem then.

Mr. Kevin Lamoureux (Inkster): I must say at the beginning that I truly appreciate your tenacious persistence at trying to get this issue dealt with. I know it has been a number of months and you have met with my leader and myself and other members of this Chamber. Some say that a legislative change is not necessary, that in fact it could be done through Order-in-Council.

Just to be very clear, the essence of what it is that you want is all Legions in the province of Manitoba not to have to have to pay property tax,

whether it is city tax, school tax, you just do not want Legions to have to pay property tax, something which we support. If there are no changes that are proposed to this legislation, you would like to get some sort of assurance then from the government that they will be doing it, whether it is through Order-in-Council, and it will be made retroactive for 2004. Is that a fair assessment of exactly what it is you want?

Mr. Petrinka: It is will indeed become effective for 2004, as the universities' exemption was. An OIC creates a regulation that is effective immediately upon registration. It took me a while to learn about these things.

I would like to say something else, too, just before I conclude here. If we had had some sense of good will in all of this, okay, rather than me being led around the corner by the nose again because of my inability to anticipate what is coming next, if we had sat down as a group and said, look, let us not look at why we cannot do this, let us look at how we can do it.

But coming back to what you said earlier, the by-law with the City of Winnipeg says very clearly "other than taxation for local improvements." Dauphin pays for local improvements. So you have a situation here where this Order-in-Council could be done before the end of this month. I mean, as long as you guys hang around for a couple of hours and not run out there campaigning for all your people there, we could get this done. I say that with a little bit of humour attached to it, mind you.

Mr. Chairperson: Thank you, Mr. Petrinka.

Hon. Rosann Wowchuk (Acting Minister of Intergovernmental Affairs and Trade): I would just like to take this opportunity to thank you for your presentation, Mr. Petrinka. I know it is an issue you have a lot of interest in and one you have spent a lot of time with, talking to staff in the department, and I appreciate your presentation.

Mr. Petrinka: I want to make one post-comment here. Neither am I related to Mr. Penner.

Mr. Chairperson: I would like to canvass the audience this evening to make sure. Are there any other presenters that may wish to make a presentation on Bill 50 before we proceed? Seeing

none, then that will conclude the list of presenters on Bill 50.

Bill 49—The Municipal Amendment Act

Mr. Chairperson: We will now proceed with clause-by-clause consideration of Bill 49.

Does the minister responsible for Bill 49 have an opening statement?

Hon. Rosann Wowchuk: (Acting Minister of Intergovernmental Affairs and Trade): Mr. Chairman, we have had one presentation on Bill 49 and I would just like to put a few comments on the whole bill. Bill 49 proposes amendments to The Municipal Act. That is the legislation that provides the framework for all municipalities except Winnipeg. These amendments demonstrate government's commitment to make sure municipalities are equipped with the right tools to manage their affairs effectively and efficiently.

* (19:40)

Most significantly, the bill proposes new enabling authority for municipalities outside of Winnipeg to use tax incremental financing and innovative funding model to support community economic development, as well as community and neighbourhood revitalization efforts. It will provide complementary board authorities to municipalities to develop tax credit programs and grant programs.

The other proposed amendments will remove disincentives from municipalities contemplating restructuring by amalgamation and give them greater flexibility to deal with mobile homes. We did have the presentations on mobile homes. On that section, I would like to indicate that, when the whole bill was being rewritten last time, this is a section that was inadvertently left out of the legislation. It is being restored to what the legislation was before. Under the clause that is being brought, the municipalities will be able to phase in the increases as a result of the new assessments. Thank you.

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

Does the critic for the official opposition have an opening statement?

Mr. Jack Penner (Emerson): In response to what the minister says in reinstating the portion or part of the mobile home provision under The Municipal Act is something that I suppose is in question when one looks at the different applications of fees and/or assessments in various parts of the province and/or what charges are allowed and not allowed by way of exemptions.

For instance, in the Dauphin case, I note that in Dauphin there are virtually no taxes applied, no Manitoba municipal taxes, no school tax, no business tax, and leasehold not available, provincial assessor. I would hope that the Province might have considered some uniform way of demonstrating a will to apply similar service fees and/or no service fees to all Legions in all parts of the province.

When I look at the Henderson Highway Legion, they apply and are required to pay municipal tax, no school tax, yes on business tax. Similarly, there are different provisions under the act. I had hoped that the—

An Honourable Member: Jack, you are talking about the wrong bill.

Mr. Penner: No, this is—oh, I am sorry. This is the Legion one. But under the mobile home one, under The Municipal Act, I stand by what I said. Under The Municipal Assessment Act—

An Honourable Member: We are just dealing with 49 now.

Mr. Penner: The Municipal Assessment Amendment Act, yes.

Mr. Chairperson: Please proceed, Mr. Penner.

Mr. Penner: Well, Mr. Chairperson, I think Mr. Derkach had a comment to make on The Municipal Assessment Amendment Act. I am not sure whether he is currently busy, but I have no comment on The Municipal Assessment Act. I was thinking that we were speaking to The Municipal Amendment Act when I was speaking in regard to the Legions.

Mr. Chairperson: Thank you, Mr. Penner. We will now proceed with clause-by-clause consideration.

Shall clauses 1 and 2 pass?

Mr. Kevin Lamoureux (Inkster): Is the minister aware of any classifications that are given to mobile home parks in other jurisdictions in particular, if Saskatchewan happens to—

Ms. Wowchuk: If the question was, are we aware of any other provinces that have a classification for mobile homes, we are not aware of any.

Mr. Penner: On the mobile home aspects of licensing fees and/or services charged or municipalities charging fees for services not rendered by municipalities, is the minister considering some way of making a change that would ensure that municipalities are not charging for fees not provided to mobile home parks and/or assessing mobile homes based on fees deemed to be charged and paid for through the rental fee or fee charges applied to those mobile homes?

Ms. Wowchuk: Currently, Mr. Chairman, there is authority under The Municipal Act to enter into a service agreement with mobile parks to deal with those kind of issues. So they have the authority now. But I want to just say that this is no different than a multi-unit dwelling in an urban centre where there are services that are provided for people that live in a dwelling by the owner of the building. In a mobile park there are certain services that are provided by the owner of the park as well, and those are the agreements that they come into, but to the specific question, there is the ability to work in a service agreement. If you look at a townhouse development, in a townhouse development there are services that are provided by the development, just as there would be services provided by the mobile home park owners.

Mr. Penner: I think there is a significant difference. We have numerous mobile home parks that provide virtually all the services, such as road service, such as sewage service, and the mobile home parks, I understand, in many areas provide their own water, their own water treatment facilities, and provide those water services to the mobile homes.

Yet this assessment act change would allow for the municipality and the Province, actually, to do the assessment, as if services were provided by a municipal government and assessed at values, even though those services were never provided by the municipality. I believe there should be some provisions within the act that make recognition of the

difference between a mobile home park where no services and no cost to municipalities, or virtually no cost except for the road into the park, is provided.

On a similar manner that many of the farm homes are of the same manner, where the farm home has no cost to the municipality except for the road going by the farm property, and I believe there are significant differences in assessing value, and by services provided, and allowing for taxation of those services provided when that in fact is not the case here.

So I would ask the minister whether she also would agree that there needs to be a differentiation in those kinds of properties, here as the case was made by the mobile home owners association here a few minutes ago.

Ms. Wowchuk: In answer to the question, I mean, I would like to begin by putting on the record that the Manitoba Association of Municipalities, a group of people that deliver services and deal with these kinds of issues, has looked at Bill 49 and has indicated that they had similar concerns at their 2003 convention.

I would just read, "The Association of Manitoba Municipalities recently reviewed the bill. As you may be aware, AMM members passed a resolution at the 2003 convention. This resolution called for AMM to lobby the provincial government to provide legislation for the province-wide system of licensing or assessment of trailers in mobile home parks."

* (19:50)

Then it goes on to say that they are in support. This meets the needs of what municipal councils were saying. The member talks about services that farmers get, services that municipalities get, and there are services that we as farmers only get a road going by, these people that are in mobile parks get a road going by as we do on farms. They get additional services that are provided for within the park, no different than a townhouse development would be. It is a very similar development that there are services that are provided.

Mr. Penner: Well, I think it is unfortunate that the minister allowed herself to be convinced by those that should know better by now, that the similarity between a townhouse and a trailer park exists. In most cases, the trailer park owner, the owner of the

park, provides the road service, provides the water service in most cases, and provides all the other services except for Manitoba Hydro services, Manitoba Telephone services and whatever other media services that are not provided by that mobile home park owner.

I would grant the minister that there are a few mobile home parks around that receive their services fully from the town adjacent to or the municipality within and those should be treated in a different manner, but those where the owner of the park provides all the services and charges a fee to the trailer owner or the mobile home owner, this would in fact provide for double taxation, Madam Minister.

We should not overlook that, and I think for that reason there needs to be a provision written into this act, an amendment to this act, that would not allow for double service fee charging, whether it be through a municipality or another organization. There should not be double fee service charging as will be required here in those parks where the services are all provided by the park owner except for the road going by the park. The property owner of the park will, in fact, be paying municipal taxes based on the value of the park which will be separately assessed, and you will find that. I know that the minister recognizes this.

Ms. Wowchuk: I would just like to say that this is enabling legislation to give councils the authority, but recognizing that councillors are accountable people to their ratepayers. Within legislation, park owners can come into service agreements, but I guess what we have to look at is what services the municipality provides. Municipal revenues pay for a broad spectrum of municipal services, such as policing, fire protection and recreational services. Ninety-five percent of the money collected by municipalities goes to those services. This will enable municipalities to come into agreements with park owners. Certainly, I respect the municipal leaders and their comments that they are making on this piece of legislation. Thank you, Mr. Chairman.

Mr. Leonard Derkach (Russell): Well, Mr. Chair, I have to tell you this is a déjà-vu bill for me. I think staff will probably understand that.

I have to tell you I am on the side of the association of folks who live in trailer park homes because these are probably the people who, in many

instances for example, this is a family's first home, because they probably cannot afford a home in a community or in a municipality. So the best they opt for is a piece of property of their own, which is a trailer parked in a trailer park. Now, the other thing I agree with from the presentation that was made is that in fact this is double taxation, because we have, now, trailer owners paying a fee to the trailer park owner. That fee is supposed to be representative of the services that they receive.

Now, the municipality in those cases does not provide any services. The only reason we would want to assess trailers is for the province to be able to capture the education tax. The other reason would be for the municipality to be able to raise the fees that would more closely resemble the assessed value of those trailers. So, in any of the explanations that we have had from the ministers now, we have not had an adequate explanation in terms of what this really does for the trailer owner, or the mobile home owner. I would like the minister to explain what this really does for the family that owns the trailer. How is it a positive for that family who are now paying a fee and a licence?

Ms. Wowchuk: This bill does not give the municipality the right to assess. They have the right to assess. Under the previous administration they had the right to assess. That right was there. This is to allow to continue to license as they do today. This is a continuation of the licensing as they have it today. This is not giving them permission to assess. They have that right now.

Mr. Derkach: So what is the reason for the bill?

Ms. Wowchuk: As I said earlier, the reason for this amendment is to reintroduce the licensing, which was inadvertently dropped in the last amendment.

Mr. Derkach: Mr. Chair, as I understand it, the licensing has been there and is there. It is just the issue of being able to increase the licence fee and, my understanding, is not allowable. Is that correct, or am I under the wrong impression here? I am just asking for clarification here.

Ms. Wowchuk: This is reintroducing the licensing, which was inadvertently dropped in the last piece of legislation.

Mr. Derkach: Is the minister saying that the Manitoba Park Owners Association Incorporated in their presentation are totally incorrect in their evaluation and in their assessment of the bill?

Ms. Wowchuk: Repeat the question, please.

Mr. Chairperson: Could you please repeat the question, Mr. Derkach.

Mr. Derkach: My question is whether or not the minister is saying in her response that the Manitoba Park Owners Association Incorporated was totally wrong in their presentation and in the principles of their presentation in their assessment of the bill.

Ms. Wowchuk: The item that I spoke about, the portion of the bill that was dropped in the previous legislation, is not something that the mobile park owners addressed in their presentation. They have addressed other issues, but that particular issue they did not address.

Mr. Penner: Then I would like to ask of the minister, then, 309.1(4) and I will read that section to you: "In repealing a mobile home by-law, a council may limit the increase or decrease in the amount of payable as property taxes for a mobile home when compared to the amount that was paid as a licence fee on the terms and conditions for the time period prescribed in the by-law."

* (20:00)

That tells me that the homes must be assessed and that taxes must be paid, unless I totally forgot how to do legislation, because this part of the act simply describes how taxes must be levied.

Mr. Chairperson: Mr. Penner, we are on clauses 1 and 2. The clause you referred to is the next set of clauses we have to deal with.

Mr. Penner: Yes, but I am just referring. I want clarification on this because 309.1 if you continue down that line from where we currently were, if you speak a totally different language than what the minister has prescribed—and I agree with what the minister was saying in the previous clauses, that she is trying to reinstate a licensing fee which might not have been there before.

But 309.1(4) says: "In repealing a mobile home by-law, a council may limit the increase or decrease in the amount of payable as property taxes for mobile homes when compared to the amount that was paid as a licence fee, on the terms and conditions, and for the time period, prescribed in the by-law." So it simply says that the taxation process is alive and well.

Mr. Chairperson: Mr. Penner, unless there is leave of the committee, we cannot allow the questions to be asked of a clause 4 when we are dealing with clauses 1 and 2. So, if there is leave of the committee, we can allow this question to proceed. Otherwise, we will have to wait until we proceed to that clause.

Mr. Penner: We will wait until we get there. I will respect what the process is.

Mr. Chairperson: Clauses 1 and 2—pass; clause 3—pass.

Shall clause 4 pass?

Ms. Wowchuk: I have an amendment for clause 4, and that is, I move

THAT Clause 4 of the Bill be amended by striking out the proposed subsection 309.1(3).

Mr. Chairperson: It has been moved by the honourable minister

THAT Clause 4 of the Bill be amended by striking out the proposed subsection 309.1(3).

The amendment is in order.

Mr. Penner: My question is on the next clause.

Mr. Chairperson: Is the committee ready for the question?

Some Honourable Members: Question.

Mr. Chairperson: Shall the amendment be adopted?

Mr. Derkach: I am sorry, on the amendment, Mr. Chair, this is, I think, the amendment that we had discussed with government, and the minister is proposing that we delete the section. I think this goes part of the way to accomplishing what we had set out

as our goal in terms of this bill, but it certainly does not address all of the issues that we see problematic in this bill.

Now, when I posed my previous questions, they were in terms of the general bill, not in terms of a specific section. So I erred in terms of how I posed my questions, but, indeed, I would have to say that, at the best, this only goes part way to achieving some of the issues that we have with this bill. I will leave it at that.

Mr. Chairperson: Is the committee ready to adopt the motion? [*Agreed*]

Shall clause 4 as amended pass?

Mr. Penner: Well, my question stands as I have put it before. This section clearly allows, in my view, and I think if we would ask for legal opinion, would allow for the taxation of a property instead of fees. Is that correct?

Ms. Wowchuk: Could you repeat the question, please?

Mr. Penner: Well, the question is, and I will read the clause: "In repealing a mobile home by-law, a council may limit the increase or decrease in the amount payable as property taxes for a mobile home when compared to the amount that was paid as a licence fee, in terms and conditions, and for the time period, prescribed in the by-law." That clearly says the council is allowed to assess and tax. This speaks to where there was a licence fee paid on the terms and conditions and for the time period prescribed by a by-law.

Now there is going to be tax applied in respect of the same amount as the licence fee was prescribed before. Just the opposite from what I was told a few minutes ago. The minister was saying, reverting back, to be able to apply licence fees, correct? This portion, 309.1(4) says, "In repealing a mobile home by-law, a council may limit the increase or decrease in the amount payable as property taxes for a mobile home when compared to the amount that was paid as a licence fee," or am I a bit daft here?

Ms. Wowchuk: Municipalities have the right to do that now. They can go from licensing to an assessment. As it is now, they would have to go to 100% assessment. This clause gives them the ability

to phase it in, rather than implement the whole assessment at one time as they would have to do now. Some municipalities have done that, some municipalities have changed from licensing to assessment. When that happens, it becomes 100% assessed property, and I can give you an example. This happened in my constituency where a trailer park in Swan River went from licensing to assessment. They had to go to the 100 percent.

This clause will now give the municipality the ability to phase it in over time. So it is a benefit to those people who, if they should choose to phase it in, they would have the ability to.

Mr. Penner: Well, I am a bit surprised that the minister would attempt to move in this respect. I agree that this is probably an attempt to allow for some phase-in of the increases that are going to be applied here, but this part of the bill is clearly a taxation bill. There is no other aspect to this. It is clearly an attempt by local and/or other governments and gives the ability of the municipality to double tax. It would force the mobile home owner to pay the fees to the park owner, plus would allow the assessment of the property based on the values applied by the assessor on services rendered via the property owner of the park and the value applied to those services in the value of the home, as is done in all other cases.

But here the mobile home owner would pay the fee to the park and then pay taxes to the municipality based on the fees provided. I think that is the most unfair way of taxing, it is double taxation, nothing but. I am going to leave it at that.

Ms. Wowchuk: Mr. Chairman, I just want to clarify that it is either fee or assessment. It is not that people in these mobile homes will pay a fee and then be assessed. It is either/or, and I give you the example of Swan River and Steinbach where there are two mobile parks, two communities where they have changed from a fee to an assessment. In those cases, they went to 100 percent. This clause allows them to have the ability to phase it in over time.

Mr. Derkach: Can I ask the minister why the presentation from the Manitoba Park Owners Association Incorporated would state on page 3, "This is double taxation that typically impacts Canadians of modest means that can least afford it, young families and retirees living in mobile homes."

Mr. Chairperson, these are the people whom I am fighting for in this legislation because I believe these are the people who need the breaks in terms of being able to at least live in a home that is called their own. If we, in fact, begin to move either the fees or the taxation up on these trailer mobile homes, we are going to see these people not even being able to afford for their families to live in these kinds of facilities even though it is their own facility.

* (20:10)

Can the minister explain why the association would make that kind of comment if in fact this bill does not do what they are assuming it is going to?

Ms. Wowchuk: Mr. Chairperson, I cannot speak for the association as to why they would say that. I know that it is not all associations that are being represented here but the member talked about the assessment on mobile homes. The average assessment on mobile homes is about \$13,000. That would mean a taxation bill in the range of about between \$300 and \$350. The woman, Ms. Penner, who made the presentation, was talking about services that they provide within their parks. We are talking about there are also a lot of other services that are provided, a broad spectrum of services such as policing, fire protection and recreational services that are not covered. I want to indicate, as well, that the assessed value of these homes does not end up creating a huge burden and it may vary from trailer park to trailer park depending on what the fee is because the fee is removed, then it is assessed and they have a tax that has to be paid that can be phased in over time.

Mr. Derkach: Is the minister saying then that the statement that was made by the presenter, Ms. Penner, on behalf of the Manitoba Park Owners Association, is wrong?

Ms. Wowchuk: What I am saying, Mr. Chairperson, is that several meetings have been held with mobile home owners over the last two years with respect to licensing and taxation. There has been a lot of discussion. Finance has also contacted Ms. Penner. There has been a lot of discussion with mobile home owners as these amendments were being developed.

Mr. Derkach: Mr. Chairperson, because this minister has recently assumed this portfolio, I want to know whether or not she, as minister, has taken

the opportunity to meet with the Park Owners Association or any of the other trailer associations across the province directly to make sure that, in fact, this bill does address their concerns and their needs?

Ms. Wowchuk: As the member indicated in his comments, I have just taken over these responsibilities but I can assure him that both ministers who were in this portfolio before me did meet with park owners to discuss this issue.

Mr. Derkach: Well, Mr. Chairperson, there is an obvious problem here if we have a presentation of this kind that seems to misunderstand the intent of the government. I do not think they deliberately have made this presentation misunderstanding what the intent of the government is. What this leads me to believe is that there is either some kind of miscommunication between the department and the Manitoba Park Owners Association or, in fact, there is just a difference in how they view this issue. It seems to me that this matter should be resolved so that there can be some meeting of minds because when people tell that this is double taxation, that is a fairly serious issue and one that I do not see being answered by the minister at this time and that is what this document says.

Ms. Wowchuk: Ms. Penner made comment about double taxation, and I can say that all properties will be assessed and taxed only once. The landlord recoups the tax from the mobile home-owner through rent. So the individual who made the presentation is saying that there is double taxation and we are saying, Mr. Chairperson, there are services that the mobile park owner charges for and there are services that the municipality charges for that go beyond what the mobile park owner provides, services such as policing, fire protection and recreational services.

I would have to say that there is a difference of opinion. We have a mobile park owner thinking that they are providing all of the services, but we all know that each of us receives services, people that live in mobile parks receive additional services that are provided for by the municipality, services such as policing, fire protection and recreational services, as an example.

Mr. Penner: Just one final comment. I am not going to ask a question.

Mr. Chairperson: One second, please, Mr. Penner. Would members of the committee wishing to have a discussion please take the conversations outside the room. We are having a very difficult time hearing the questions from members of the committee here to allow for the free flow of questions and answers. Please, I ask for your indulgence.

Mr. Penner: I just want to make one further comment. There is a significant difference according to mobile home parks that we knew 20 or 30 years ago compared to mobile home parks that we know today. Many of the services, and they are total services, even security services are provided in many of these mobile homes today, the modern mobile homes. They are secured. The road services are provided by the park owner. The water services are provided by the park owner. Recreational services are provided by the park owner in many areas, such as swimming pools and/or other exercise facilities that are offered in these mobile home areas, the modern ones, I am talking about.

I would suggest to the minister she seriously reconsider this bill and provide a provision which would disallow the double taxation or double fee charges that are evidently going to happen here in respect to what I have just said. In those instances where all the services are provided by the mobile home park owner, including recreation and all other, even security, roads and everything, there should be special consideration made under this act to not allow additional municipal service taxes or taxes to be charged in lieu of services or in light of services, to provide service or deemed to be providing services under this act to that park.

I think there must be an element of fairness here in this bill. I would suggest to the minister that we will be providing an amendment to this act that will allow for an ability for the assessors to exclude those parks that are total service providers in respect of the service to the mobile homes within those parks.

Ms. Wowchuk: I would have to say that then there is a difference of opinion on what this piece of legislation will do. We do not believe that there will be double taxation, but if the member opposite believes that there will be double taxation, there would have been double taxation under their administration. What this legislation does is allow for a phase-in if there is assessment. This was legislation they had in place. We will continue to

work—I can indicate I have had discussion with my colleague. There have been several people in our caucus who have met with the Parks Association.

Mr. Penner: Just a final comment. The minister is as mischievous as she often is with her words. I just want to put on the record that this bill clearly does allow for double taxation or double fee service charge, or, should I say, for fee service charges plus taxation by the municipality. We will be entering a proposal for an amendment to this bill that would limit that.

Mr. Chairperson: Is the committee ready for the question, clause 4?

Some Honourable Members: Question.

Mr. Chairperson: Shall clause 4 as amended pass?

Some Honourable Members: No.

Some Honourable Members: Yes.

Voice Vote

Mr. Chairperson: All those in favour of adopting clause 4 as amended, please signify by saying yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, signifying by saying nay.

Some Honourable Members: Nay.

Mr. Chairperson: In the opinion of the Chair, the Yeas have it.

* * *

Mr. Chairperson: Clause 4 as amended—pass; clauses 5 and 6—pass; enacting clause—pass; title—pass. Bill as amended be reported.

Thank you to members of the committee for that.

* (20:20)

Bill 50—The Municipal Assessment Amendment Act

Mr. Chairperson: The next bill is Bill 50. Does the minister responsible for Bill 50, The Municipal

Assessment Amendment Act, have an opening statement?

Ms. Rosann Wowchuk (Acting Minister of Intergovernmental Affairs and Trade): Bill 50 proposes amendments to The Municipal Assessment Amendment Act. That is the legislation that sets the framework for the assessment of properties in the province. Two amendments are proposed in this bill which demonstrate this government's commitment to healthy living, community economic development and tourism. Most significantly, the amendments of the bill facilitate municipalities and non-profit organizations working together to ensure continued operations of municipal-owned properties, notably local community clubs. They will remove tax liability from the municipality who devolves control of recreational facilities to non-profit groups who have expressed an interest in operating them.

The other proposed amendments will exempt trails owned by the Manitoba Recreational Trail Association and similar non-profit organizations from taxation. The amendment removes the barrier for the growth of a trail system and enhances Manitoba's portion of the Trans-Canada Trail network. Thank you, Mr. Chair.

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

Does the critic for the official opposition have an opening statement?

Mr. Leonard Derkach (Russell): Yes, Mr. Chair, just very quickly. This bill omits one group which we have a concern about and I am not going to belabour the issue, but once again I go back to Mr. Petrinka's presentation and the fact that he has been fighting for this for a long time. Lord knows, I was minister and I did not do it, so now it is my opportunity to say, "Minister, please do it," because this is the 60th anniversary of D-day. This is the time when we should, in fact, exempt those Legion facilities that are owned by veterans and who have laid down their lives for us as Canadians. We have done one part of it which is the education tax, now we are asking that the municipal tax also be exempted so that they would enjoy the same exemption as the Dauphin Legion does.

Mr. Chairperson: I thank the member for the opening statement.

We will proceed with clause by clause.

Shall clause 1 pass?

Mr. Jack Penner (Emerson): Yes, I want to plead guilty as well. When I was the minister, I did not make the amendments either and plead with the minister to make recognition of the 60th anniversary of the Legions and apply the exemptions at least to the place where the Dauphin Legion is. Add some stability to the fee application and taxation of the Legion halls right across this province. I think we would serve the needs of the veterans well.

Ms. Wowchuk: I would just like to say to my colleagues around the table that their suggestion and Mr. Petrinka's comments are completely out of scope of this bill and amendments addressed to his issues could not be addressed in this bill.

Mr. Ralph Eichler (Lakeside): I am not guilty of any of the above, but I do want to concur with my colleagues that I would like to see the Legionnaires included. I realize the minister said that it is not in the scope of this bill but perhaps she would look at it in regulation or whatever we need to do to put it forward.

Mr. Chairperson: Clause 1—pass; clause 2—pass; clause 3—pass; clause 4—pass; enacting clause—pass; title—pass. Bill be reported.

Bill 42—The Mines and Minerals Amendment Act

Mr. Chairperson: We will now proceed with public presentations on Bill 42.

Will Mr. Chris Lorenc please come forward, sir.

Good evening. Do you have a written presentation for committee members?

Mr. Chris Lorenc (President, Manitoba Heavy Construction Association): Yes, I do.

Mr. Chairperson: The page will distribute it and then we will proceed in a few moments with your presentation.

Thank you, Mr. Lorenc, for your patience and to the members of the public for waiting so patiently here this evening. Please proceed when you are ready.

Mr. Lorenc: Thank you very much, Mr. Chairperson, ministers, members of the committee. I am pleased to present remarks pertaining to Bill 42 on behalf of the Manitoba Heavy Construction Association, MHCA.

This bill makes several amendments to The Mines and Minerals Act. We will focus on one. It allows administrative, salary and other expenses arising out of the rehabilitation of quarry lands to be paid from the Quarry Rehabilitation Reserve Account.

As background, the initial creation of the reserve account was the result of a co-operative effort between the provincial government and the aggregate industry represented by the MHCA.

In late 1988, representatives began a series of meetings in which efforts were made to try to find a way to responsibly address problems that had arisen in connection with the rehabilitation of spent quarries. Government wanted a revenue stream with which to fund the rehabilitation. We were not anxious for new taxes.

The solution ultimately agreed upon by industry and government was a new dedicated levy of 10 cents per metric tonne of extracted aggregates and the creation of the above-mentioned special account, into which the dedicated levy funds would be deposited. It was intended and agreed that the funds of that account would create a reserve to cover the direct costs associated with rehabilitation of a spent quarry.

While it was understood that the account itself would be administered by the Department of Mines, all parties involved with the creation of the account were quite clear, and agreed that the funds would be used only for the direct costs of quarry rehabilitation and not for the payment of departmental administrative costs.

Ultimately, provisions related to the Quarry Rehabilitation Reserve Account reflecting the agreement were incorporated into The Mines and Minerals Act by way of a 1992 amendment. Section 200(4) was added to the act which provides as follows: the minister may, quote, "make an expenditure from the Quarry Rehabilitation Reserve Account of such sums as are required from time to time for the rehabilitation of lands on which a quarry is situated."

Since the inception, the funds deposited into the account were utilized only for the purposes in section 200(4), namely rehabilitation of lands on which a spent quarry was situated. More recently, however, the provincial government has strayed and, in our opinion, breached the act. We understand that beginning in 2001, the government utilized funds from the Quarry Rehab Reserve Account to cover costs associated with the payment of salaries for part-time staff.

In 2002, it expanded its use of the rehab funds to cover administrative and enforcement expenditures, and in 2003, the provincial government took roughly \$419,000 or about 34 percent of the annual rehabilitation program and slightly under 30 percent of the annual rehabilitation levy to cover administration, not rehabilitation.

Our view, supported by legal opinion and a review of the file materials under the Freedom of Information legislation, was and remains that any use of the funds from the quarry rehab account for the payment of departmental costs relating to the organization or planning enforcement, was not permitted by section 200(4), unless and until the act was changed.

Our position was and remains that the government can clearly, as a matter of public policy, change the use to which those funds could be put by way of legislative amendment, but until that event, the restrictive nature of the legislation was quite clear.

* (20:30)

The above actions not only constituted, in our view, an ongoing contravention of existing provincial legislation, but violated a fundamental understanding that had existed between industry and government at the time that the quarry rehab account was conceived and then created by legislation.

The proposed amendment to the act is in breach of the clear intent of the initial agreement made between industry and government. But there are also social, economic and environmental impacts flowing from the proposed changes.

The quarry rehab fund has been the reason why so many quarries have been reclaimed, rehabilitated and put back to a state considered safe and environmentally appropriate. The fund has also provided

significant employment opportunities for scores of small rural Manitoba contractors and their employees.

By the simple stroke of a pen, the pressure to administer programs cost-effectively is lost, because now government will have access to a pool of funds previously not available to it and never intended for these purposes. The result, a smaller program, no improved program effectiveness, lost employment opportunities for rural contractors and less environmental work done rehabilitating spent quarries.

None of the above negative impacts are desirable, necessary or responsible. They certainly do not warrant a change in legislation. All of the above tarnishes bona fide arguments made by governments about the need for dedicated revenue streams and the need to be publicly transparent and accountable for their use.

If the government decides, however, to proceed with the change in legislation, which we do not support but which is its right, then the funds taken in breach of the act first must be reimbursed. Secondly, we suggest that the act must assure transparency and accountability for the receipt and expenditure of funds.

Extraction levy revenues, as defined in the act, must continue to be deposited into a separate interest-bearing account in trust for the permitted purposes. The minister should be specifically required to file an audited report to the Legislative Assembly. The accounts and transactions of the rehab fund raised through the extraction levy must, in our view, be audited annually by the provincial auditor even if the cost of the audit is charged against the account.

We draw to your favourable attention the financial accountability provisions of section 34 in Bill 12, which is attached. If the funds are to be permitted for salaries and other expenses of government in administering the quarry rehab program, they must be the subject matter of audits and we request that you add the following amendments as additional sections to the amending legislation whose text paraphrases section 34.1(5) of Bill 12.

I have laid out the audit and fiscal reporting provisions in page three of the brief. These changes would at least provide the public with assurance of

transparency and accountability for the funds received and disbursed. It is fundamentally important to establish principles which will be consistently applied to the creation, dedication and accountability for dedicated funds. The approach suggested in Bill 12, as above referred, provides a comprehensive approach and one which we recommend be applied to The Mines and Minerals Act.

As a footnote to this point, I want to indicate that our difference of opinion is not with the administration of the Mines and Minerals Branch, but rather with the elected branch which sets the policy which the department then carries out. We have a very good and very professional relationship with the Mines Branch and difficulties that we have in the administration of the program are more often than not resolved through committee work and through exchange of opinion, ideas and information.

That concludes this presentation, Mr. Chairman. I would be pleased to address any questions which might arise from it.

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

Mr. Ralph Eichler (Lakeside): Thank you, Mr. Lorenc, for your presentation. Indeed, it was interesting to hear your comments in regard to Bill 42.

If you were going to propose an amendment to Bill 42 the way it sits now, what would that be?

Mr. Lorenc: Well, first of all, we do not think there should be any amendment to the legislation; however, if the will of government is to proceed with the legislation, then at page 3 of our brief we have provided text under subtitles, Audit 200 (5) and Fiscal Reporting 200 (6) which paraphrase provisions that were adopted by the House, as I understand it, in amendments identified in Bill 12. So there needs to be a clear statement of audit responsibility and annual fiscal reporting.

Mr. Jack Penner (Emerson): Just one comment to the minister and Mr. Lorenc. I am well aware of this bill. It was done in 1988 when I was first elected and the Minister of Mines and Resources—and I was at that time the Minister of Natural Resources—spent a lot of time with the industry, both the aggregate haulers and the aggregate processors, in developing a

plan. Their concern was exactly what has happened now, that eventually this fund would be targeted for some other use, whether it be administrative or others, and therefore would be relegated insignificant and as far as the rehabilitation of the aggregate extraction that had taken place.

I would certainly concur with yourself and the industry that there was never any intent to charge administrative fees out of those accounts, that they should be used entirely for the rehabilitation of those gravel pits or other resources. Even, I believe, there was some provision that some of those funds might be used to rebuild infrastructure when it could have been severely damaged in areas out of the mining area onto a normal municipal road. I think that was also part of the agreement at that time.

So I would ask Mr. Lorenc whether that is his understanding and his industry's understanding as well.

Mr. Lorenc: Thank you. That is precisely our understanding, and the records which we had an opportunity to review under the access legislation clearly make that case. We have shared that information with the department. We have shared that information with government. We think this is not the direction in which legislation ought to be amended. We think that there was a social pact that was acted on by government and by industry. It deserves to be protected. The principles for which the fund was created were valid in 1988. They are still valid today and we do not support the amendments at all.

Mr. Eichler: Thank you, Mr. Chair. The concern I have here, this was supposed to be a very simple housecleaning amendment to Bill 42. I understood this bill was changed in 2002. Did you make a presentation at that time, Mr. Lorenc?

Mr. Lorenc: I am not aware of any amendments in 2002, specifically.

Hon. Scott Smith (Minister of Industry, Economic Development and Mines): I would like to thank Mr. Lorenc for his presentation. I know the department has met with his association many, many times, and they have exchanged opinions on many things, not only what you are referring to, but a number of things that are inclusive in the bill, and the changes in the bill.

We do have a good rapport with the association. Certainly the association did recognize, at that time, costs on-site, project management, administrative costs regardless of who pays those costs are a substantial cost and a cost in a rehabilitation program, and the administration of that rehabilitation program. So it is good to continue to exchange opinions, and, certainly, I value your association's opinions on the issue.

* (20:40)

Mr. Penner: Just one final comment in regard to Mr. Lorenc's presentation. I think the negative effects of utilizing the costs of services provided through this process will have a fairly significant impact on the environment over the long term. I think if this government is sincere about protecting the environment, they will give careful consideration as to whether they should or should not utilize any of these funds that are collected in the manner of helping restore the environment to the best of our abilities.

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

Mr. Lorenc: No.

Mr. Eichler: In the proposed amendment regarding the area from Winnipeg west to the Saskatchewan border and down south to the U.S. border, does your organization have any problems with that, Mr. Lorenc?

Mr. Lorenc: As I indicated at the outset, Mr. Chair, our concern is with the amendments that affect the rehab levy, and that is specifically what we are concerned with today.

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

Mr. Lorenc: Thank you very much. Good evening.

Mr. Chairperson: Good evening. Are there any other presenters for Bill 42 here this evening that might wish to make a presentation? Please come forward.

Seeing none, that concludes the list of presenters on Bill 42.

Bill 46—The Teachers' Pensions Amendment Act

Mr. Chairperson: We will now proceed with the presenters on Bill 46, The Teachers' Pensions Amendment Act. We have a number of presenters from out of town, and I will indicate the individuals starting with Laurena Leskiw, and then Pat Bowslaugh.

Would Laurena Leskiw please come forward? Good evening, thank you for your patience. Do you have a written presentation?

Ms. Laurena Leskiw (Private Citizen): Yes, I do have.

Mr. Chairperson: Thank you. We will distribute it, and then in a couple of moments, we will proceed.

Ms. Leskiw: I thought teachers had it tough, but I do not know.

Mr. Chairperson: Please proceed, Ms. Leskiw.

Ms. Leskiw: Mr. Chair, and good evening, ladies and gentlemen. Thank you for permitting me to share my deep concerns about parts of Bill 46, the amendments to The Teachers' Pensions Act.

My name is Laurena Leskiw and I have lived in Manitoba all of my life, as a child at Grandview and over 50 years in Brandon.

Although I am a past-president of both the Retired Teachers' Association of Manitoba, RTAM, and the Brandon Teachers' Association, the BTA, a chapter of the Manitoba Teachers' Society, and also a life member, I wish to share with you a more personal plea.

I believe I am speaking on behalf of pensions for 29 000 people, over 9000 retired teachers, 6000 former teachers whose pension contributions still remain in the pension fund, and over 14 000 active teachers, many of whom are not aware of Bill 46, and the possible ramifications of their future pensions.

As the bill itself does not cover the many items that we, as retired teachers, have been requesting, since 1992, we have been wanting retired teacher representation on the TRAF pension board. We have

wanted increased contributions from active teachers to the pension plan, and we have wanted a means of handling the surplus to improve the Pension Adjustment Account. This bill does not deal specifically with those three areas.

Consequently, I shall direct my comments to the following areas: the waiving of the insurance pension contributions to teachers who are on long-term disability, the LTD; the governance of the pension fund, which does not include any representatives of retired teachers whose contributions amount to 45 percent of the pension fund; the cost of living allowances and the management of the Pension Adjustment Account, the PAA.

Number 1, no pension contributions from teachers who are on long-term disability, LTD. This means receiving credit for pensionable service while on disability leave without any monetary contributions to the pension fund. This is credit without contributions.

I was appalled to read this amendment as it sets a precedent of opening up our pension funds for purposes other than paying pensions to retired teachers and for that purpose only. It means that the LTD insurance is offloading their financial difficulties and insurance obligations and commitments to the LTD teachers.

You may ask, "Would the Manitoba Teachers' Society have allowed Great-West Life, our former disability insurance company, to offload their financial difficulties onto our pension plan by allowing them to waive the pension contributions of the LTD teachers?"

As a long-time MTS supporter and former committee member, my answer would be a very decided no. It would not have been allowed. As we talk to many active and retired teachers, they have not been made aware of this Bill 46. Even MTS chapter presidents have told us they are not familiar with the various clauses, including the committee Chair.

I would like to quote the response I received last winter when I first heard of this proposal to offload their financial obligations by having the pension contributions not made to the pension fund. This is the response that I had received from the former

CEO of TRAF, the Teachers' Retirement Allowances Fund.

He said, "Surplus TRAF funds cannot be used to pay this cost since there are no surplus TRAF funds due to the market's performance over the past two years. Any proposal by the Manitoba Teachers' Society for the transfer of this cost to the pension plan should be accompanied by an appropriate increase in pension contributions."

I do not see that in Bill 46. It should be noted that the Society has been seeking to increase teacher pension contributions for some time in order to more appropriately fund the cost of future services. But in this Bill 46 there is no increase of pension contributions from active teachers. Certainly, if the Society were to propose a transfer of liabilities without a concurrent proposal to increase their contributions to match these liabilities, TRAF would be very concerned and would raise those concerns with the minister.

So that is one of the reasons why I and many, many other retired teachers are very concerned and also many of the active teachers that have heard of this and were not aware of it before.

I understand that MTS has approved a motion at their annual general meeting recently to reduce the LTD premiums by 14 percent if you pass this particular part of the bill. Does that not indicate an offloading of their financial insurance liabilities onto the Teachers' Retirement Allowances Fund?

Therefore, I am pleading with you as honourable members of the Legislature to have this amendment defeated for the good of all retired and active teachers, now and in the future.

Number 2, the governance of the TRAF board. Since 1992, we as retired teachers have been seeking retired teacher representation on this pension board. At present we have over 45 percent of the pension funds that were contributed by retired teachers, and yet we have no legal way of voting on the manner in which our pensions are invested or handled. Manitoba is one of the few provinces that does not have the legislated right for retired teachers to vote on any motions pertaining to pensions.

Although we do have one retired teacher who is allowed to listen to some debate by the MTS

task force, she is not permitted to voice any opposition to articles presented by MTS to the government task force. In fact, knowledge of the LTD waiver had not even been discussed in her presence. A silent member is not a member in any way of the meaning of a committee member. We consider ourselves shareholders of the pension plan and, as such, in this day and age, we should have our democratic right to have representation on the TRAF board.

Number 3, the cost of living, and I am sorry I have a code of living, so you will notice that I typed this in a hurry with not having our 48 hours' notice of coming in here today and getting it last night about 10:30. I am sorry that my typing has made some errors there.

You will have many teachers speaking to you tonight on the omission of COLA, or cost of living allowance, in Bill 46. When the government was reviewing pensions in the 1970s, we as teachers refused to have the same as the government plans but insisted we would be responsible for our own salary continuance premiums and to contribute a higher percentage of our salaries into the pension plan so we could always have full COLA that equalled the consumer price index in the future.

* (20:50)

When I retired, my Blue Cross premiums were one fifth of this year's and yet the coverage is less and less. Many prescriptions are not covered. The Pension Adjustment Account this year can only pay one fourth of the consumer price index. Many of our retirees are women whose husbands have died. Often, their income is reduced by half or even more as men tend to receive higher salaries, but these women still must maintain their houses and pay all the utilities, et cetera.

They require more medication and often more expensive prescriptions but with less money. COLA is a must for these seniors to live a quality of life in their remaining years. COLA is not mentioned in this bill, and yet RTAM and MTS have declared it is essential to have it written into the bill.

In closing, I ask that you give it top priority. I understand that if you were to change the restrictions on the PAA account, that is the Pension Adjustment Account, the investment protocol that the main

account would permit their earnings could also be used for COLA.

The last six years, our cost of living increase that we have received on our basic pension was 7.9 percent. The last six years, the consumer price index has been 12.9 percent, so we have a difference there of 4.82 percent that we are losing. We are losing 5 cents on our dollar just over that period of time, or you know, a greater percentage if you want to say 5 percent of the percentage on that. I thank you for the opportunity to speak on behalf of both active and retired teachers.

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

Members of the committee, with questions?

Mrs. Heather Stefanson (Tuxedo): Thank you very much, Ms. Leskiw, for your presentation this evening and, indeed, thank you for your patience this evening. I know it has been a long one so far, so thank you so much for taking the time out of your schedule to be here and to bring some of the very important issues facing you and some retired teachers right now.

Just a couple of quick questions. With respect to the consultation process that took place with putting together and drafting this bill and some of the issues that you have brought forward this evening, do you feel that retired teachers have been properly consulted with respect to this bill?

Floor Comment: No, definitely not.

Mr. Chairperson: Ms. Leskiw.

Ms. Leskiw: I am sorry.

Mr. Chairperson: Sorry, I have to, for the purpose of Hansard recordings.

Ms. Leskiw: Yes, I know. I forgot.

Mr. Chairperson: Ms. Leskiw, please proceed.

Ms. Leskiw: No, I do not feel that we were consulted with that and had input into it.

Mrs. Stefanson: I think that is extremely unfortunate. I would just like to ask you, too, some of the

issues that you have brought forward tonight, certainly it is a common theme with some of the retired teachers that have approached me as the critic of Education and approached our caucus. I am just wondering if some of these issues could be addressed if perhaps you had some representation at the TRAF board. Do you feel that that would be the case that you would maybe be able to deal with some of those issues if you had that opportunity?

Ms. Leskiw: Yes, I definitely do. We are one of the few provinces that do not have anyone sitting on the pension board or have voting privileges on any of the pension items that are brought up for discussion or legislation.

Mr. Chairperson: Other questions?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): I just want to thank you for your presentation this evening and your patience. Thank you for being here.

Mr. Chairperson: Thank you, Ms. Leskiw.

The next presenter we have registered to speak is Pat Bowslaugh. I hope I have pronounced your name right.

Ms. Pat Bowslaugh (Private Citizen): It is fine, thank you.

Mr. Chairperson: Do you have a written presentation for committee members?

Ms. Bowslaugh: Yes, I do.

Mr. Chairperson: Please proceed when you are ready, Ms. Bowslaugh.

Ms. Bowslaugh: Good evening, Mr. Chairperson, honourable members of the Legislative Assembly and ladies and gentlemen in the gallery.

My name is Pat Bowslaugh. I am from Brandon. I am a retired teacher with pensionable service of 35 years acquired over a 39-year period. I speak to you tonight with the experience gained as an individual teacher, a principal, a retired teacher, a member of the Westman Retired Educators Association for 5 years, a member of the Retired Teachers' Association of Manitoba board for 5 years, and once upon a time, a few years ago, in addition to sitting on numerous

provincial MTS committees and serving as the Brandon local teachers' association president, I was a committee member and subsequent chair of the Manitoba Teachers' Society employee benefits committee for the teachers in this province of Manitoba.

Madam Vice-Chairperson in the Chair

Through Bill 46 you are dealing with some amendments to The Teachers' Pensions Act, a pension plan that affects almost 30 000 people in the province of Manitoba. As you have already heard, specifically, at last count there are 14 000 active teachers, approximately; 6000 inactive teachers for whom TRAF holds funds; and as of this morning, 9048 retired teachers, that is the information I have, and is referenced to December 30 of 2003, of which I am one.

You may think I am here speaking on behalf of the latter group. To some extent, I am. However, the group for whom I have grave concerns is those who are still teaching, in the trenches, so to speak.

May I also reflect as a retired teacher, someone worked on my behalf and that of the other over 9000 retired teachers in the province of Manitoba to effect a plan that would be viable, sound and effective. These were people like the late George Strang, a wonderful educator and a Manitoba Teachers' Society staff officer who practised fairness, logic, common sense and mathematical applications.

To you, this evening, I bring a concern about what I perceive to reflect a lack of mathematical applications. I wish to address the proposed amendment, 52(4), that would negate the responsibility of the teachers' long-term disability insurance plan, henceforth referred to as LTD, in making the appropriate and necessary pension contributions to the Teachers' Retirement Allowances Fund, henceforth referred to as TRAF, on behalf of each of the insurance recipients so that they can maintain their pensionable service while they are on long-term disability.

To help clarify this issue, I feel it necessary to give a brief historical reflection on the long-term disability plan, which has now become referred to as the disability benefits insurance plan.

Approximately 20 years, ago the long-term disability insurance coverage, as you have already

heard, was contracted through Great-West Life. As with most businesses, the premiums charged by Great-West increased to reflect the usage.

Suddenly, self-insurance became the topic on the floor of the Manitoba Teachers' Society annual general meeting and even though I remember clearly speaking on the floor to vehemently oppose such a strategy, other teachers voted to support this brain-child. Admittedly, and as part of my argument then, teachers are not, by and large, well versed in investments, on actuarial calculations, on assessment of illnesses and the host of components associated with the operations of a disability insurance plan.

* (21:00)

Subsequently, last year, February 2003, the then-CEO of TRAF and an MTS staff officer informed us at a meeting of the Westman Retired Educators Association that the LTD plan had a \$30.5-million liability. In addition to other planned interventions to get this plan on better footing, there was a plan to cease making the transfer of pension funds from the LTD plan to the TRAF coffers.

In response to my questioning of the TRAF CEO, I learned two startling and alarming facts. Number 1, the annual obligation to TRAF from the LTD plan is approximately \$1.5 million. Number 2, when I asked the question how much does this turn into, each annual obligation transfer of this \$1.5 million would have an actuarial value of \$15 million, given the usual success of the TRAF investment portfolio. To my great dismay, I was told not to worry, this is an insignificant amount in relation to the annual TRAF contributions, and there would be other plans to offset this transfer shortfall.

This morning I phoned the new Acting CEO of TRAF, Dewar McKinnon, and received the following information. For the year 2003, \$51 million was received from active teachers and placed on deposit in the Teachers' Retirement Allowances Fund. When I calculate the proposed \$1.5 million in lost contributions as a portion of the \$51 million, my math tells me this amounts to 2.94 percent, or almost 3 percent, of the annual contributions to the TRAF plan.

When I examined the amendments of Bill 46 on the Web page, I found nothing to offset this potential shortfall of \$1.5 million annually. Hence, I come to

you to plead your sensitivity to this proposed amendment and to beg you to avoid a sabotage on the teachers' retirement fund. Just as someone worked diligently to develop a plan for all of us retired educators, my hope is you, in your seats of this Legislature, in whose hands is the power to protect the plan for all retired teachers, both present and future, will assist in maintaining a strong pension plan.

It appears to us who have studied the amendment that:

1. The LTD insurance plan is for active teachers only and should have nothing to do with retirees.
2. The LTD insurance plan has an obligation.
3. TRAF is intended to secure the pensions of teachers, both active and retired.
4. Retired teachers have no responsibility to the LTD plan and in fact numerous retired teachers and some of them are over 100 years in age taught in an era when an LTD plan was not even conceived.
5. The obligation of the LTD plan to TRAF appears to be a formal, legal matter. May I remind you offhandedly of the seriousness of the recent Liberal fiasco in Ottawa and the inadvertent transfers of some monies that really should not have been touched or worked with in those ways. May I just subtly suggest we might be bordering on a similar kind of avenue.
6. The amount of money that is at stake annually has the potential to make a huge negative impact on the TRAF plan.

I have a little poster, and I apologize for the quick put together, but as you can see each block represents the approximate \$1.5 million. If this was to go through and it started in 2005, it would be 1.5. The second year it would be 15, but on top of these, from next year on would be the interest that money would have earned. Now, should this not take place that the \$1.5 million goes from LTD to the TRAF plan, then the reverse would happen and this would just be the flip side. The first year it would be a 1.5 lacking, the second year it would be 2 payments of about \$1.5 million plus the accrued interest, and so on. I just remind you I was told by the CEO of TRAF last year that \$1.5 million turns into \$15 million.

That is a huge amount of money, for each year so down the road we are talking about an astronomical amount.

It has been asserted the \$1.5 million annually or the \$15 million for each year at maturity is an insignificant amount. That is what I was told. There are core values here that include: Firstly, the pension plan should not have an obligation to LTD to provide pensionable service to LTD recipients without the receipt of appropriate pension contributions.

Secondly, tinkering with any pension plan that ultimately precipitates a negative impact opens the door for further inappropriate misuses of the TRAF plan.

Thirdly, such an action is a precedent-setting action.

Number 4, there is a huge principle at stake here that could open the door for other pension plans for which the government has governance responsibilities.

During the scripting of Bill 46 amendments, it is my understanding that discussions were referencing the idea of active teachers' pension contributions being increased by approximately 2 percent in part to offset the proposed ceasing of the LTD contributions. This component has not appeared as an amendment to Bill 46, even though both the TRAF board and MTS, since the early 1990s, have acknowledged the seriousness of the underfunding of the TRAF plan. I am informed that the pension plan is currently underfunded by approximately 15 percent. This is serious. This is in a very bad state. It is frightening, especially for a pension plan that was once recognized as one of the strongest in the country.

In closing, I reiterate my concern for the future of the teachers' pension plan for active teachers. The numerous active teachers with whom I have had dialogue reflect that they are both busy and uninformed about these details related to that day on the not so distant horizon when they retire. Their strong sense of trust, I heard that repeatedly, I trust that somebody will be looking after this for me. That sense of trust must not be shattered by those of us who collaboratively can script a plan that is fair, well planned and speaks to the needs of the future.

Please remember, as honourable members of this Legislature, that almost 30 000 people and their families and loved ones are counting on you today.

While other colleagues have spoken or will be speaking to other amendments, my personal plea is to remove the proposed amendment, article 52(4), which I have just discussed. Enacting an LTD forgiveness without addressing other key issues such as a percentage increase in active teacher pension premiums, a solid plan for a full COLA and membership of retired teachers on the TRAF board would be a plan of folly. Unfortunately, none of these appear amongst the proposed amendments on the floor.

However, please note that I do support the maternity buyback for retired teachers, a tasty crumb for those of us who were negatively impacted during our childbearing and child-rearing days.

I appreciate and trust that you, the honourable members of this Legislature, will exercise the foresight and solid judgment as part of your responsibility and prudence in overseeing The Teachers' Pensions Act. Thank you for your indulgence.

Madam Vice-Chairperson: Thank you very much. Are there any questions?

Mrs. Stefanson: I just want to thank you, Ms. Bowslaugh, for your presentation tonight. I want to reiterate just thanking you very much for your patience tonight and now working through this legislative process.

* (21:10)

I just had a couple of quick questions for you as well. I just want to ask quickly about the consultation process that has taken place. Do you feel that retired teachers have had a say with respect to some of the things that have gone into this bill?

Ms. Bowslaugh: Actually, even though I am a member of the RTAM board and have heard of some of these throughout the last several years, I would have to say that some of the tidbits that I mentioned in here that seemed to be coming forth as promises of what might be going into this set of amendments are in fact not there. So the one thing that is there is

the one that I focussed on almost totally in my presentation.

Unfortunately, to put that in without putting the other safeguards, when I mentioned the almost 3% shortfall of what \$1.5 million would impact on the annual contributions of active teachers to TRAF, I would be very, very wary of even considering thinking of this in isolation, other than to defeat it. I think that we do have a responsibility, as I mentioned, for active teachers in the classrooms.

I know that some people think that once you are retired you are a doddering old deadhead that does not know anything or have any experience or recall anything, but I do recall that there were people, as I mentioned, George Strang, who really worked like a slave to make a strong, viable pension.

Unfortunately, I am not feeling that there are those of us that are working collaboratively to pick this up and put it together as a strong pension plan.

Mrs. Stefanson: Well, thank you very much for that. I guess I would just ask one more quick question of you. Do you feel that some of the issues that you brought forward, and I know particularly the LTD issue, but certainly some of the other issues that we have heard so far tonight. Do you feel that some of those issues would be well represented if you had some representation on the TRAF board?

Ms. Bowslaugh: Actually, Madam Vice-Chair, I recognize that some of those issues are beyond the jurisdiction of the TRAF board and so I would be cautious of that. I feel that a membership on the TRAF board would be very helpful so that we were informed of the health of the plan, the future viability of the plan. We would be more clearly informed about situations such as the PAA account from which the COLA is drawn when, in fact, it is virtually dry and this year we get just slightly over .5% COLA. That is not very good toward purchasing power to keep the economy of Manitoba going.

Mrs. Stefanson: One more quick question. Do you feel that essentially you have been left out of the loop when it comes to some of the decisions that are being made with respect to changes in legislation with respect to things that—decisions that are made at the TRAF board?

Ms. Bowslaugh: Actually, I truly wish that we could work really collaboratively and positively in concert

with the Manitoba Teachers' Society, that they would respect that we have feelings and issues and knowledge and experience and background and history that would enhance their understanding of the issues at stake. We respect that they are really trying to work on behalf of the current teachers but without the total picture in hand my personal assumption is that there are some voids in the total picture so it does not come together to make a viable unit.

Madam Vice-Chairperson: Very quickly, Mr. Lamoureux.

Mr. Kevin Lamoureux (Inkster): Yes, a very quick question. Have you had any discussions, or have associations that you are associated with had any discussions with the government in regard to the long-term disability issue that you have raised and, if so, have they provided you feedback?

Ms. Bowslaugh: A point of clarification, I am not sure if you are talking about me personally, about the Retired Teachers' Association of Manitoba, about the Westman Retired Educators Association. All of them?

Actually, one honourable gentleman is in the audience tonight that came and helped to inform the Westman Retired Educators Association that this LTD plan was in the works and we appreciated that very much because it helped us know that we had to inform the government, and many of you would recognize my name from letters that I have written to each and every one of you at the table on more than one occasion. So, yes, those possibilities are there, but they need to be fleshed out to fruition.

Mr. Bjornson: Yes, my question is this: Were you aware that Manitoba is the only province currently that teachers on LTD had pension contributions paid out of their LTD plan?

Ms. Bowslaugh: Well, in actual fact I was aware that there were some provinces. I have done some limited research and the interesting thing is that when you are talking about other provinces you have to compare, no pun intended, apples with apples, not apples with oranges. So I will refer to our neighbour next door, the province of Saskatchewan, where their pension plan is written in a completely different manner to that in Manitoba. Even though I tried to get information from other provinces, I have not been able to secure it at this point, but I would be

really cautious of just doing a blanket jump and saying, all other provinces absorb the long-term disability into their pension plan. I think that that is pretty dangerous.

Madam Vice-Chairperson: Thank you very much.

We will have our next presenter please, Mr. Sitter. We will just wait a few minutes, Mr. Sitter, while we have your submission passed around.

All right. If you would like to begin, please.

Mr. Ray Sitter (Private Citizen): Thank you, Madam Chair, ladies and gentlemen. I appreciate your allowing me to make a presentation to you.

Bill 46, in my opinion, is born of illegitimate parentage. It is rank with paternalism, and it purports to be a positive addition to the pension legislation. It is not.

The issues of major concern to retired teachers are these:

When we talk about the appointment of members nominated by the Society, three of the board members must be appointed from a list of nominees, et cetera. Retired teachers own between 40 to 50 percent of the funds in TRAF, the teachers' retirement act fund. Active teachers own 50 to 60 percent of the funds in TRAF.

The government has not yet, as I understand it, put money into this account, although they have an unfunded liability with respect to that. MAST has no funds involved, the Manitoba Association of School Trustees, yet MAST, the government and MTS, the Manitoba Teachers' Society, make decisions as to how this money is managed and controlled.

Retired teachers are not necessarily represented by MTS, by the Manitoba Teachers' Society, and we are not members of MTS. Our interests are not necessarily their interests as is evidenced by this bill. We must have fair representation on all boards and all committees actively dealing with our funds, and that does not mean tokenism, not just one representative, although one is better than none.

* (21:20)

Right now, what we have got, what we will accept is tokenism, one, rather than paternalism,

none, and people looking after our needs for us, knowing what is best for us. This legislation is totally inadequate in this regard with that particular provision.

Number 2, contributions on salary above maximum for accrual of defined benefit. This addition benefits and provides relief for the highest paid retirees, superintendents, et cetera. This applies to few retirees, and typically provides aid to the least needy. This provision is one which should be addressed, but I do not think it needs to be addressed first. There are other things that need to be addressed prior to this.

Number 3, no contributions during disability, et cetera, that clause that had been spoken about before. Monies paid into the pension fund must accumulate, and they must grow to an extent that they will provide a large enough amount of monies to pay the contributors' defined pensions when they retire.

Currently, the MTS, as I understand it, or the LTD, the disability pension, is responsible for paying the monthly pension premiums for the people on disability income under this group insurance plan. This clause exempts the disability plan and therefore the MTS, the Manitoba Teachers' Society, from this obligation. Depending on the number of people on disability, this could amount to a loss of funding of as much as \$1 million or more a year.

Each year, the teachers on disability accumulate an additional year of pensionable service. This increases the future demand on the pension fund, yet the pension fund does not receive additional monies to provide for that growth that is necessary to cover this future pension for the person on disability. This, to me, would appear to constitute a raid on the money in the fund for the benefit of the disability plan and whoever controls that.

Number 4, maternity leave and adoptive leave. Both these provisions are ones that should be addressed, however, these affect only a few people. To pass such flawed legislation to correct irregularities like this, I think, is wrong.

What are the issues of relevance that need to be addressed now? Well, first of all, I think retired teachers need fair and full representation on all boards and committees dealing with TRAF funds now. We were not informed that these proposals

were to be placed in legislation. It was by chance that we became aware of this. We cannot let Big Brother, MTS and MAST, determine what is in our best interest. We are not senile, incompetent. We can articulate what is in the best interest for ourselves.

Number 2, actuarial reports indicate that new teachers are undercontributing to the pension fund. We need independent actuarial examination and necessary contribution adjustments to the pension fund for currently active teachers, so that their needs—this needs to be undertaken immediately to ensure sustainability of our pension fund.

We cannot let it go to the point where it is no longer sustainable because of lack of input of funds and then say, "What do we do?" Let us deal with it before it erodes.

Number 3, cost of living allowance. The mechanism by which COLA, the cost of living allowance, is paid requires serious reconsideration. Our standard of living for retired teachers is decreasing yearly because the Pension Adjustment Account is inadequate and its investment policy is antiquated.

We cannot discuss and discuss and discuss this issue ad nauseam with the intent of deferring decisions. We need action now. When has the last thing that you dealt with gone up .5 percent? Your gasoline, your natural gas, your hydro, your taxes? What has gone up .5 percent in your life? Not very much in mine.

Money appears to be available in TRAF to support the underfunding of the current teachers. Money seems to be available in TRAF to cover the contributions of teachers on disabilities. No funding is available for cost of living allowances. Why is that?

Teachers have traditionally felt that we would be dealt with fairly. We have stood back and waited. Our mood is changing rapidly. We are no longer confident that we will be dealt with fairly without direct input and direct action. In fact, if we had been given the two-days notice, as we had been told, our intent was to come here with two busloads of teachers from Brandon, retired teachers, to say this is not going to be the way it should be, with the subsequent media and all the rest that goes along with it. But we got a ten o'clock phone call saying,

"It has been waived two days, and you are coming here eight daylight hours later."

That is what the teachers are looking at now, the retired teachers. Hey, this is not fair. Those are the major issues, those three: retired teachers, full representative, fair representation; look at the underfunding of the pension plan; and three, what we need is to look at the cost of living so that it is appropriate. There are two other less serious issues, but they are there. There needs to be a mechanism by which our pension fund is controlled other than perhaps legislation. I do not know what it should be, but smarter heads can look at it and what it is. This process is very interesting. I am not sure it is the one that really gets results that need to be done, because, if we look at the legislation, it does not address any of those issues that, as retired teachers, are important.

Also, TRAF is supposed to be a shared fund, yet teachers' funds alone are the ones that pay all the administrative costs of the fund. It is a funny definition of sharing, but there it is. These are the issues that are relevant to us. Thank you very much for your time and for your patience in listening to me. I will leave it at that.

Madam Vice-Chairperson: Thank you, Mr. Sitter. Are there any questions?

Mrs. Stefanson: I just want to thank you, Mr. Sitter, very much for coming in here tonight for giving us what was an excellent presentation. I do not have any questions on your presentation itself, but I do want to just again thank you for your patience in this process. I think it is sometimes unfortunate, particularly for those people that you referred to in your presentation who would have been here tonight if there had been more notice. I certainly would like to just address that with you and just say that I think it is extremely unfortunate. I do thank you for being here tonight for bringing these issues forward. I will leave it at that for now. Thank you.

Madam Vice-Chairperson: Any other questions?

Mr. Lamoureux: Yes, Madam Chairperson, I have a great deal of sympathy on the notice. If we read the last couple of days of Hansard inside the Legislature, you will see just the degree in which we agree with the notification of meetings. Having said that, the past was that you had a board in which there were three MTS, two MAST, one other or two other

government reps being appointed. Now the legislation is saying that we are going to reduce that down to seven. The only thing that they have designated would be three to MTS.

I think that we would recognize the importance of MTS being on the board, having three spots. Would you like to see your one then from the government, is what you would say, so that between the retired teachers and the MTS that you would have the majority on the board?

Mr. Sitter: Not necessarily, but I do believe that it is necessary for the retired teachers to have a voice on the board. By what means and who they would replace or whether this would be an additional member or two I guess is really somewhat material but also immaterial right at this point. As I said, tokenism is better than paternalism. I mean, right now all we have is people patting us on the head and saying, "We know what is better for you, just go along." One person saying here are our concerns and our needs is better than what we have right now, and that would be a step ahead.

Madam Vice-Chairperson: Any other questions?

* (21:30)

Mr. Bjornson: I notice on the sheet of the speakers here you are identified as a private citizen. Are you a member of the Retired Teachers' Association or the provincial organization?

Mr. Sitter: I am a member of the Retired Teachers' Association.

Mr. Bjornson: As a member of the Retired Teachers' Association, have you been made aware through the association that the association has met with myself and has met with both my predecessors in this government and brought these issues to our attention?

Mr. Sitter: The meeting takes place, but that does not really take the place of being a full member on all committees that are dealing with the pensions and with the governance of TRAF itself. I think there is that additional need to have that solid input there, in addition to having meetings with yourself, and certainly that is appreciated.

Mr. Bjornson: You are aware that the TRAF board does not actually review the legislative proposals

with the government, that it actually comes through recommendations through the Teachers' Pensions Task Force.

Mr. Sitter: Yes, I do. There again, as I said, all boards and committees that deal with the pension funds, and that would include with the pension fund pension committee, They are to have their voice heard on that particular committee, as well.

Mr. Bjornson: Thank you very much, and thank you for taking the time to be here this evening.

Mr. Sitter: I appreciate your having me here and, again, thank you very much.

Madam Vice-Chairperson: Thank you, Mr. Sitter.

At this time, I would like to inform the committee that a written submission has been received from Richard McIntyre. Copies of this brief have been prepared and distributed for committee members. Does the committee grant its consent to have this written submission appear in the committee transcript for this meeting? *[Agreed]*

The next presenter is Mr. Paterson. Thank you, Mr. Paterson. Please be seated.

Mr. Brian Paterson (Private Citizen): What you are seeing before you here, excuse my voice a little bit here, too. I have been having trouble with it for the last three or four weeks actually. I want to thank the members over here that closed the windows. I was damn near freezing to death back there.

First of all, I would like to just acknowledge Scott Smith here, and I saw Drew Caldwell, both good Brandon guys. Drew Caldwell I actually had as a student, and Scott was just an invaluable parent at our school. Scott, if I can just acknowledge you tonight for all the work you did. It was most appreciated. Above and beyond that, they are both friends. And Peter, honourable Minister of Education, you will recall the pictures we took of Linden Lane School. You know, I look different in a suit.

At any rate, if you would just refer to those graphs that I gave you a moment ago, I must admit that I sat down probably a week ago and I just started banging away on the keyboard. If I have given you too much, it is probably not all that bad. It is

probably not all that good, either. I would never let my students ever get away with just one draft, and yet that is what you have in front of you.

If you look at the charts, that first chart just refers to a historical look at COLAs on the left-hand side of the page, what they would have been or could have been, and on the right-hand side of the page it shows you what if we got a COLA, an increase of one half of 1 percent per year since 1977.

If you look at the second page I have given you, that is an article in the *Free Press* that was written last February, 2004. This article was written about the Ontario pension fund, but it also makes mention of what is happening to the Manitoba pension fund, which is running into trouble. There are comments on that page from Dewar McKinnon. Dewar says that we are facing some of the same problems that Ontario is going through and that there needs to be something done to address the deficits that the pension fund may be going through. If you look at the bottom part of that, you can just stroke that out. That happened to be on the same page.

Would you turn to chart 3 on page 3, the impact of inflation, that is the one I would like you to pay attention to. You can see what happens, the negative effect of inflation. This is a sample of \$20,000 pension over a five-year period, indicating what the cumulative effect would be if no cost of living, COLA, were built into that pension. In 25 years, the pension is reduced to about half its original value and buying power. I think that is a very powerful chart.

If you go to the last chart, I will be making remarks in my presentation here that you can see that the first graph shows you that nearly half of the assets of the TRAF are actually owned by retired teachers. The bottom graph shows you the make-up of the proposed TRAF board, that is three MTS members, as Mr. Lamoureux here referred to, and the four—well, I guess they are government members, I suppose. So that is just what that graph is. If you could just keep those things in your mind as we go through my submission.

My name is Brian Paterson, by the way. I have been retired for four years. I have had a 38-year career in Brandon, in education, in Brandon Division 40. I have been a member of MTS the whole time, the whole 38 years. I have served on many MTS committees and MAP committees, that is, the

Manitoba Association of Principals. I am now a member of RTAM, the Retired Teachers' Association of Manitoba. But I guess I am here speaking as an individual to you tonight on Bill 46.

Just before I go into my letter, which you can pick up next, I want to make mention of the fact that a quick meeting was called when we got wind of Bill 46 in Brandon. Quick phone calls were made. I am not sure how many retirees we do have in Brandon, but 120 people showed up at that meeting. There was not one I spoke to that supported Bill 46, not one of those 120. Now there were people that did not show up, but the ones that did, they did not say that Bill 46, as it now stands, is terribly bad. But what they were concerned about were the omissions in Bill 46. The things that were not in it, that is what they were really concerned with.

I attended the RTAM AGM in Winnipeg on May 25 and May 26. Once again, there was not one person at that AGM, and I do not know if anybody knows how many were there, about 120, same figure. There was not one person, one retiree, I spoke to at that meeting that agreed that there were things missing in Bill 46. What is going on?

MTS says they speak for retirees, at least I think that that is what they say. What is going on? Nobody that I have talked to agrees. There was one person, by the way, when he talked about LTD, that did say, "Do not worry about the LTD and the contributions that are not going toward TRAF anymore, do not worry about or we would like not to go to TRAF, because it is a proposal. Do not worry about that because it is an insignificant amount of money."

* (21:40)

Three weeks ago, I phoned my bank because they had charged me \$10 in interest more than they should have. I was upset. It is the principle of the thing. That is the problem. Turn to your page like this please, the written submission you were given. I am sorry, I will have to read this through with you. I will try and be brief. I know by this date that you have received many letters from retired teachers outlining their displeasure with the amendments not included in The Teachers' Pensions Act proposed in Bill 46. Below are listed some comments I have about recommendations that should be included in Bill 46.

I am concerned that our union, my former union that is, the Manitoba Teachers' Society, is not representing retired teachers very well. Nor is the MTS executive, I do not believe, that is my personal opinion, listening to retirees of which I am now one of the members. I am not sure this is the right word, but, all I could think of when I looked at some of the things that are proposed was fund manipulation by MTS as putting our teachers' retirement fund allowance, Account A, and our Pension Adjustment Account, which I will call Account B, putting them in jeopardy.

Remember the charts we looked at? If we follow this path, in five, ten, or fifteen, twenty years down the path, or twenty-five years, our purchasing power is going to be somewhere down here. Pat Bowslaugh did a good job of showing you her graph. Retirees, of course, own nearly one half of the pension funds in Account A. Also, I really believe we need a voice at the table or all tables dealing with the future retirees' pension funds, and also our own.

So I urge you to consider more additions to Bill 46 as proposed by the RTAM, Retired Teachers' Association of Manitoba. They list it far better than I do. Our own union, The Manitoba Teachers' Society, is not listening to the request and the concerns of retired teachers. That is why I am here tonight. The MTS purports to speak for most retired teachers. I can assure you there are thousands of current members of RTAM and current retirees and even active teachers who are very concerned and upset regarding omissions to Bill 46. I believe my colleagues have already told you there are about 14 000 active teachers and they are very concerned, the ones to whom I speak, and, yet, you know, I guess, they are busy, and I was the same. I did not pay attention.

I am very concerned about what is not included in Bill 46. I say, again, these omissions affect more retirees than future retirees than do the amendments that are included in the present bill after the first and second reading. Of course, Bill 46 will probably cost the government less money, that is, as it currently stands, but I can assure you that very few retirees are happy with Bill 46 as it currently reads. I will share these concerns, of course, with you. They are also the concerns of the Retired Teachers' Association of Manitoba, namely the COLA.

Representation, I am not there on the TRAF board, but I think as the honourable minister said a few moments ago, it could be any group dealing with our pensions. We would like to be there and have a voice and not a token voice at that and of course the surplus policy. My concerns with omissions to Bill 46 are as follows:

1. COLA. It is essential that funding of the Pension Adjustment Account be assured so that this account will have the capacity to provide inflation adjustments in order that retirees and future retirees maintain their standard of living. I refer you to chart 3. I believe it was stated previously that MTS knew the funding of COLA was a problem in 1987. I think they were first alerted in 1976, but I could be wrong about that. The Pension Adjustment Account needs an increase in contribution rate from active teachers to be split equally between Accounts A and B. Part of the TRAF surplus should be used to strengthen, I am sorry you cannot read that, the PAA or the Pension Adjustment Account. New legislation needs to be passed permitting TRAF to invest PAA funds from Account B into higher yielding investment instruments. I mean it would only make sense. That seems to me that if we could pass legislation like that it would certainly help out. It is like asking you to leave all your own private funds in your investment accounts and in money market funds. Well, that is probably not a smart idea. Well, I am not sure today. I am not an expert on that. I support the MTS request for a proposed 2% increase in contributions by active teachers. This increase in contribution rate will not solve the COLA issue. Now, we were told that by an actuary. It might take 3 percent, 4 percent, 5 percent of increases. I am not sure.

2. Representation on the TRAF board. The proposal is to have three MTS nominees and four government appointees sit on the TRAF board. Although nearly 45 percent of the TRAF funds belong to retirees, we have no voice on how our funds are manipulated. I think this is an antiquated, archaic and outmoded view of representing retirees. It is a control mechanism more suited to the 1950s than it is today. If I tried this stuff with my parent council, I will tell you, they would run me out of the office. They want to be consulted. They want a voice. We cannot do that in schools today, as Scott well knows, because he was an excellent parent and an excellent member of the parent council. *[interjection]* Yes, he was.

By the way, I forgot to mention, Scott, so this is what you do all week. Well, I will tell you, you are earning your money.

Madam Vice-Chairperson: Mr. Paterson, I hate to interrupt you, but can you get to the end of it, please. Thank you.

Mr. Paterson: The long-term disability problem, we will go to that next. The LTD, as has been said, has been in debt \$25 million.

I have this written, by the way, as if it is a fact. It is not. This is a proposal. I am sorry I wrote it that way. I did not review it. But the \$1.5 million plus accrued compound interest over 20 years is a significant amount of money. But just as important, it is the principle of this action that I object to.

The MTS manipulation of funds without the consent of retirees, what right has the MTS to do this without permission of the majority of retirees? I would also ask, is this a form of double taxation on retirees. That is, we paid into this fund when we worked, were active, and now some of our money is being used again to pay for something else or not to go into our TRAF funds.

The contribution rate increased by active teachers and government is not adequate for the pension fund to be healthy. An actuary hired by RTAM has determined that an increase of 1 percent to the PA account and 1 percent to the TRAF fund would be inadequate to sustain the pension plan viability for future retirees.

Pat Bowslaugh mentioned it is the future retirees we have to look at. One minute? Good.

You can read as well as I can. Surplus funds are being used to cover underfunding and new teacher contributions. That has been mentioned. Number 4 there, that is kind of selfish, because I fall under that, so I will not mention that.

I would just like to say that the current Bill 46 avoids the three real issues. It affects fewer retirees and it will probably cost the government less to implement. But please vote against Bill 46 as it reads now. I think there are things missing from that Bill 46.

Madam Vice-Chairperson: Thank you very much.

Mr. Derkach, you have a question?

Mr. Leonard Derkach (Russell): Thank you for your presentation, sir. This is a bill that concerns me significantly. I am kind of running between the two committees, and this is the second committee I am viewing where a bill introduced by a government is driving a wedge between two organizations that should be sister organizations or brother organizations, whichever you wish to use.

But in this case we have a situation where retired teachers are seeing their buying power slip away quickly because the pension cannot afford the COLA. At the same time, the only way to address this, of course, is to either increase membership fees that are being paid for by the teachers that are active in the field today. In doing that, it will certainly build towards their own retirement. Secondly, it is for the government to address this in some way, shape or form.

Bill 46, in my view, does not address either of these issues. Yet I am hearing from your presentation that your former organization that used to represent you is not really standing up for people who are in your situation.

* (21:50)

Can I ask you whether or not you have had an adequate amount of consultation with the new Minister of Education (Mr. Bjornson) now and with the department so that it would give them the necessary understanding of your situation of the group that you represent?

Mr. Paterson: I said earlier I was not speaking for RTAM. I am speaking as an individual. I am not really aware of too much. I guess there has been some consultation, Mr. Minister. I do not know. Have we met enough? Have we made you aware of the problems? I will have to put the question to you, because—

An Honourable Member: You will be disappointed.

Mr. Paterson: —I am not really in a position to say, but I guess if it has been, maybe they are not listening.

Mr. Derkach: I think you have answered my question, because although you are not representing

RTAM, to me it would seem that as a retired teacher, in having this bill before you, you should have knowledge of what type and what depth of consultation you or your organization have had with the minister, and you are questioning that, as I am.

But I guess the bottom line is that, if this bill passes and becomes law, you are then not represented on the TRAF board to begin with, and you have not at all achieved any mileage toward having your problem of the COLA addressed either. So this bill does not address those two major issues that are important to you as a retired teacher or to the organization, the Retired Teachers' Association of Manitoba.

Mr. Paterson: Thank you very much, Mr. Derkach. I would just say this, that the reason, you know, three years ago, I retired, three and a half, and there is an old saying in politics, I think, that if you do not vote, do not bitch. I sort of use that metaphor and apply it to this situation by saying that I just could not sit idly by and do nothing because, as you can see by those graphs I gave you, you know, everything is going this way.

I would love to sit with MTS, I mean, maybe not me personally, certainly representatives of retirees, I think, would love to sit with them and talk and try and hash this problem out, because I know it is a real problem. I know it is a problem for the MTS as well.

But, if we are not consulted, if we are not asked, if we have a token voice at the table, what can you do?

Mr. Stuart Murray (Leader of the Official Opposition): I just wanted to say I thought your presentation was very well put together, very eloquently spoken, and somebody that I respect that you are here as an individual but I thought your thoughts were very succinct and your points were well taken.

I would just like to ask, because I do not think we have been able to get this answer out of the government of the day, I just wondered if you could share your thoughts as to why you think that the government would be bringing in this bill when, as you say, in the meetings that you have been to, of the 120, all of them were opposed to it in both the meetings that you talked about in Brandon and Winnipeg.

Why do you think the government would be bringing in a bill like this?

Floor Comment: Well, I suppose—

Madam Vice-Chairperson: Mr. Paterson.

Mr. Paterson: Thank you. I suppose, Mr. Murray, that you know better than I that everything comes down to money. I am only guessing, but I would think, you know, governments have trouble with money budgets just like we do. I can only think that maybe we are picking some of the amendments to go into Bill 46 as a cheaper way to go. I do not know.

I cannot think of any political reason, really. I can think it would come down to cost, you know. We know that there is an unfunded liability there, and if you start funding, that could cost a lot of money. That would be my guess.

Mrs. Stefanson: I know that our question time is up here, but certainly my leader and my colleague from Russell, I think, asked much of what I would have asked you, too. But I just want to thank you personally for coming out and for your presentation this evening.

Mr. Paterson: Good. Thank you all.

Mr. Bjornson: Yes, Mr. Paterson, thank you for being here tonight, and I just want some clarification. You stated earlier that you agree with what is in Bill 46, but you disagree with what is not. Is that correct?

Mr. Paterson: I feel that what is not in there, Mr. Minister, is of more importance to more retirees. I feel that what is in there, you know, is obviously of interest to those that it touches, the amendments touch, but I do not feel they touch that many. I feel that what we are saying tonight would touch more people, more retirees, both of the 29 000 or 30 000, whatever the figure is, active and retired teachers, that is what I feel.

Madam Vice-Chairperson: Mr. Lamoureux, I am sorry, we are all out of time.

Mr. Lamoureux: I will just ask a few simple things and just pose a short question.

Madam Vice-Chairperson: Is there leave?

An Honourable Member: No.

Madam Vice-Chairperson: Leave has been denied.

Point of Order

Madam Vice-Chairperson: Mr. Lamoureux, on a point of order.

Mr. Lamoureux: Madam Vice-Chairperson, I will respect the rules on this, but I think that what I have witnessed in the past, if members do have a question that is relatively short, I think that it is important that they be provided the opportunity at least to pose it. It is not a filibuster of any stretch of the imagination, and I would ask again if there would be leave to allow for what I think is a practical question.

Madam Vice-Chairperson: Sorry, you do not have a point of order, Mr. Lamoureux. We have exceeded time. It is now 7 minutes and 32 seconds and our time allotted is 5 minutes. Leave has been denied. Thank you.

Mr. Lamoureux: Madam Vice-Chairperson, I would very much appreciate to get a sense in terms of what happens if we are going to stick to the five minutes in terms of questions and answers, if some members of the committee would like to be able to ask questions but are denied the ability to ask questions because this Chair has made the decision to be so strict in terms of the rule of not allowing it. The reason why I ask, Madam Vice-Chairperson, is that I know that if I raised the issue in the Chamber as a matter of a privilege to be able to ask questions, I would probably then be referred to come to this committee, and the committee then would have to put a report into the Legislature. So, as opposed to having to do that there, I would then probably be better advised to raise it here as a matter of a privilege. So I would seek your advice.

Madam Vice-Chairperson: Mr. Martindale, on the same point of order.

Mr. Doug Martindale (Burrows): Thank you, Madam Vice-Chairperson, on the same point of order. When the Member for Inkster (Mr. Lamoureux) and I were members here in the 1990s, at one time there were no time limits on presentations in committees. From time to time the government of the day passed motions at the beginning of a committee sitting to impose time limits, and I remember those motions were often

debated and the government was accused of being undemocratic.

However, subsequently we have all-party agreement, have new rules in the House about times for presentations and many, many other things which are now a part of every committee, and it is read out. It is on the script of the chairperson and read into the record at the beginning of every committee meeting. Those rules are that presentations are 10 minutes and responses to questions are 5 minutes. We have been trying to adhere to that and it is up to opposition members or independent members to negotiate with each other to decide who is going to ask questions. If we go overtime with one presenter, I think we are in a problem area. Then we need to go overtime with everybody and then we just sit here much longer every night. I think that most presenters have made their points in 10 minutes. We have written presentations. Most of the succinct questions have been answered in 5 minutes, and I think we should follow the rules that have been agreed to by all parties.

* (22:00)

Madam Vice-Chairperson: Mrs. Stefanson, on the same point on order?

Mrs. Stefanson: Yes, on the same point of order, Madam Vice-Chair. I just wanted to say that some of those rules, I believe, were put in place out of respect to some of the presenters who come out and take time out of their schedules to be here. Certainly, some of them have come a very long way this evening. I think out of respect for everyone who is here this evening, I know there are time limits put on things, and I think we need to move on.

Madam Vice-Chairperson: Respectfully, Mr. Lamoureux, you are not a member of this committee. Therefore, you cannot raise a matter of privilege.

Mr. Lamoureux: Madam Vice-Chairperson, I was just going to sit back and say nothing, but I do take exception to your comment. I do not believe there is anywhere in *Beauchesne's*, the rules, and I would ask that you specify the rule that would deny me the opportunity to raise this as a matter of privilege, when just the other day I was told inside the Chamber that a matter of privilege, if an incident occurs in the committee, you have raise it inside committee. So I do believe your ruling is wrong.

Madam Vice-Chairperson: Mr. Lamoureux, the reason you cannot raise the matter of privilege is you need to conclude by moving a motion, and, because you are not a member, you cannot move a motion.

* * *

Madam Vice-Chairperson: Mr. Paterson, thank you very much.

Committee Substitution

Madam Vice-Chairperson: Mr. Martindale, you have a substitution?

Mr. Martindale: With leave of the committee, I would like to make the following membership substitutions effective immediately for the Standing Committee on Legislative Affairs: Interlake (Mr. Nevakshonoff) for Swan River (Ms. Wowchuk).

Madam Vice-Chairperson: Is that agreed? [*Agreed*] Thank you.

* * *

Mr. Chairperson in the Chair

Mr. Chairperson: The next presenter we have this evening is Don Berry. Is Mr. Berry here, Westman Retired Teachers' Association? Good evening, Mr. Berry. Do you have a written presentation for the committee? Thank you, sir. If you wait a moment, we will distribute your presentation, then we will proceed. Thank you for your patience.

Please proceed when you are ready.

Mr. Don Berry (Westman Retired Teachers' Association): Mr. Chairman, members of the legislative committee, there are a lot of things that I would sooner be doing tonight than standing here, but I think that this is very important. I am making a presentation on behalf of the Westman Retired Teachers' Association.

The Westman Retired Teachers' Association has a number of concerns about the proposed amendments to The Teachers' Pensions Act. Our concerns deal with both what the bill says as well as what the bill does not say.

Firstly, the major concern of our members is the indexing of our pension to the cost of living. Over

the last six years, retired teachers have received a cost of living increase of 7.9 percent. The actual cost of living has increased by 12.72 percent. What we are seeing is a gradual erosion of our standard of living.

Bill 46, like its predecessor Bill 18, fails to address this problem. Historically, the government of Manitoba made a commitment to the teachers of Manitoba to provide a full COLA. This obligation was based on teachers paying higher pension premiums as well as assuming responsibility for our own disability insurance.

Asking retired teachers to accept anything less than a full COLA is perceived by retired teachers as a breach of trust. It is our contention that Bill 46 should address this problem by ensuring that the Pension Adjustment Account is restructured so that it generates sufficient funds to pay a full COLA.

Secondly, Bill 46 does not address our long-standing concern about governance. Retired teachers are not represented on the Teachers' Retirement Allowances Fund board. Almost 50 percent of the money invested by TRAF has been contributed by retired teachers. We are sometimes at odds with the Manitoba Teachers' Society when it comes to matters affecting our pensions. Because we do not have a member on the board, we are put into the position of having to react to changes rather than being part of the decision-making process.

What we are seeking is not unique to Manitoba. In other provinces, retired teachers have a seat at the table. In all likelihood, we would not be here today if our concerns had been dealt with and we had an opportunity for input on the changes proposed in Bill 46. We oppose the changes in Bill 46 affecting governance because they do not provide for representation for retired teachers on the TRAF board.

Thirdly, we are concerned that pension contributions for teachers on long-term disability are going to be waived. The amount quoted for this year is approximately 1.5 million. This amount will vary from year to year but will continue on in perpetuity. As a result, the pension fund will be deprived of these contributions and the accompanying compound interest.

Over the next 10 to 20 years, this could amount to tens of millions of dollars. It is our contention that

TRAF and LTD are two distinct and separate programs and that they should be kept separate. We are opposed to the inclusion of this change in Bill 46 because it weakens the fund and sets a terrible precedent.

Fourthly, we are alarmed that the contributions by active teachers to the Teachers' Retirement Allowances Fund are not adequate to fund the pensions for teachers who are currently in the classroom. The Manitoba Teachers' Society has talked about increasing pension contributions by 2 percent to meet future demands; 1 percent would go to the general fund and 1 percent to the PAA.

This increase in contributions must be approved by the Legislature. An actuary hired by the Retired Teachers' Association of Manitoba questions whether a 2% increase in contributions would be adequate to maintain the pension plan's viability for retired teachers in the future. Manitoba teachers are at present making the lowest contributions to their pension fund of any teachers in Canada.

The actuary estimates that newer entrants, at age 25, to the profession are only making contributions that will finance 85 percent of their future pension benefits. It bothers us that the fund surpluses are being used to subsidize new entrants to the profession. We are at a loss to understand why Bill 46 does not deal with this looming problem.

Fifthly, we are disappointed that this Bill 46 does not deal with the payback of money made by active teachers who were required to contribute extra funds for their service prior to 1980 in order to have their pensions based on their best five years. We hoped that Bill 46 would legislate a reimbursement of the cost of the buyback plus accrued interest.

Lastly, we would be remiss if we failed to commend the government for its addressing the problem of the purchase of service for past leave, the purchase of maternity leave for retired teachers and the purchase of service for adoptive leave. These clauses will not benefit many retired teachers, but we are pleased that they are included in the bill. I thank you on behalf of the Westman Retired Teachers' Association.

* (22:10)

Mr. Chairperson: Thank you very much, Mr. Berry, for your presentation. Questions for Mr. Berry?

Mrs. Stefanson: Well, thank you very much, Mr. Chair, and thank you very much, Mr. Berry, for your presentation this evening. I think you have addressed a number of very compelling issues and so I thank you for that.

As a member of the Westman Retired Teachers' Association, are you also a member of RTAM?

Mr. Berry: Yes.

Mrs. Stefanson: Again, thank you very much. That was the only question that I had. I think everything else is pretty much answered in here, and, again, thank you for coming all this way this evening and for your presentation.

Mr. Bjornson: I will echo my critic's comments and thank you for being here this evening and making the time to be here and for your presentation. Thank you.

Mr. Chairperson: Thank you, sir.

The next presenter I have on my list and I would need leave of the committee here this evening, it is my understanding that the first name on the list for the in-town presenters was DeeDee Rizzo, Retired Teachers' Association, and that name, there is a substitution from No. 9 on your list. Terence Clifford will be substituting for DeeDee Rizzo.

Is there leave of the committee to allow that to occur? *[Agreed]*

Is Terence Clifford here, please? Please come forward, sir. You have a written presentation for the committee?

Mr. Terence Clifford (Private Citizen): Yes, I do.

Mr. Chairperson: Thank you, sir, for your patience.

Mr. Clifford: I also have a question before I start, if I may, while these are being distributed. I am also here as a private citizen and I do have a presentation. Could I leave that presentation to be distributed?

Mr. Chairperson: Yes, you may, sir.

Mr. Clifford: In which case I will do that. Thank you.

Mr. Chairperson: You can leave it with the Clerk and then we will make sure the committee members have a copy of it. You may proceed when you are ready, Mr. Clifford.

Mr. Clifford: Thank you. Now the Retired Teachers' Association of Manitoba, RTAM, welcomes the opportunity to present our views regarding the proposed legislation in Bill 46.

RTAM was established 15 years ago and currently has over 5200 members. It is the only organization that can legitimately claim to understand and to represent the interests of over 9000 retired teachers in Manitoba. It is unfortunate that there is no vehicle that allows RTAM to participate in a discussion prior to legislation being drafted.

RTAM has a representative on the MTS pension task force, but we do not have an independent voice at any meetings that occur between MTS and government. We are not able to present views that differ from those of MTS. RTAM was not even made aware that discussions had taken place on some of these issues. It is critical that RTAM have a formal status at all discussions relating to pensions.

Although RTAM is supportive of some of the initiatives that have been put forward in this legislation, we do have concerns about several of them. Bill 46 does not address the big issues facing TRAF such as the contribution shortfall of new teachers and COLA, the cost of living adjustment. Failure to address a long-term sustainability of the plan is short-sighted, and will ultimately prove to be more costly to all concerned if ignored.

Retired teachers must be present when critical decisions are made concerning the priorities and sustainability of the fund. On a positive note, RTAM wishes to commend the government for extending two retired teachers the option of purchasing past service for maternity and adoptive leave.

The first step in addressing this issue was taken when the buyback option was offered to active teachers several years ago. We are delighted that retired teachers now have the same opportunity to increase their pension benefit. We would like to see the date of implementation made retroactive to the

same date that it was made available to active teachers. As an aside note in the script, my wife bought back maternity leave, she was able to, she was an active teacher, is an active teacher. She was, however, of an age where she could have retired. If she had retired, then she would not have been able to buy back. I do not see the difference between the two, quite frankly. Our daughter is still our daughter; maternity leave was the maternity leave.

We support amendment 63.4 that enables teachers to pay into the pension plan when on short-term paid leave. This would encourage teachers to take advantage of opportunities that will benefit both students and teachers.

We support amendment 52(1.2) and (1.3), which rectifies the situation whereby people had to make pension contributions on a salary amount that exceeded the maximum from which a defined benefit could be accrued.

With regard to the proposed amendments in section 41(5) of The Teachers' Pensions Act, we congratulate the government in recognizing that changes need to be made regarding the structure of the TRAF board. We regret that RTAM is not explicitly named to that board. With over 5200 members, RTAM is a significant stakeholder in the TRAF pension fund. Over 45 percent of our monies in the fund are the result of retired teachers' contributions and the accrued interest, but we have virtually no say in decisions relating to the pension plan. The exclusion of retired teachers from the decision-making process is contrary to the basic principles of democratic representation. It excludes retired teachers from decisions that affect our present and future income security.

We have raised the issue of representation with a number of previous Ministers of Education. We have been advised repeatedly to work this out with the Manitoba Teachers' Society. MTS is opposed to having one of their seats. We were not even informed by MTS that the restructuring of the TRAF board was an issue on the table. We learned that this would be a future item for discussion at a meeting with the Minister of Education (Mr. Bjornson) in January of this year. We were never given an opportunity to participate in these discussions.

The view that retirees should not have any role in decision-making since they have their guaranteed

pensions is an outdated one. This is certainly reflected in the recommendations that have come forward from the Pension Commission. The commission refers to the administrator of a pension plan as a committee, and that is on page 19 of that document. It further says that the committee should have at least one member designated by pensioners, in addition to having representation from active members. I have attached the RTAM submission to the Pension Commission to you, to provide further background if you so wish.

Retired teachers have made pension contributions throughout their career. We must have a voice in determining how the monies in the pension are managed. In addition to the concerns about 52(4) as it currently stands, up to this point pension contributions by teachers on disability have been made by the disability fund, which is administered by the Teachers' Society.

The proposed amendment offloads these costs to the pension plan. RTAM believes that it would be fiscally irresponsible to have the pension plan incur increased liabilities without an increase in contributions.

This is especially critical since the inadequate pension contributions by newer teachers have not been addressed and have resulted in the use of well over \$100 million of surplus to counter that underfunding.

RTAM supports some of the items that have been brought forward in Bill 46. We are, however, concerned that this bill is not addressing the big issues facing TRAF and the growing numbers of retired teachers. We believe that it is short-sighted to ignore the long-term sustainable interests of the plan. There is nothing here addressing the shortfalls in contributions by new teachers, who currently pay approximately 85 percent of the amount necessary to fund their own pensions.

Retired teachers are extremely concerned that unless the COLA issue is addressed, it will seriously compromise their future buying power. With COLA this year set at one half of 1 percent, or thereabouts, and everything indicating that it could get worse, retired teachers stand to lose one dollar out of every five dollar in buying power within 10 years. My pension is approximately \$30,000. I shall get approximately \$150 pre-tax.

RTAM's concern is the long-term sustainability of the TRAF plan for both current and future retirees. We feel that we have a unique perspective and understanding of the issues of both active, which we have been, and retired teachers. We are great believers in early intervention in order to avoid a growing deficit in the plan. To that end, we encourage the government to deal with the COLA issue for the benefit of all participants in the plan. It must also address the current shortfalls created by inadequate contribution rates before any consideration is given to allowing further liabilities to the pension plan.

Certainly, we would welcome formal status in all future discussions related to pensions, and, in particular, representation on the TRAF board. Thank you, Mr. Chair.

* (22:20)

Mr. Chairperson: Thank you, Mr. Clifford. A question for the presenter?

Mrs. Stefanson: I thank you very much, Mr. Clifford, for your presentation this evening and for taking time out of your schedule. I am just looking at your presentation. You mention that your organization, RTAM, has roughly 5200 members of the roughly 9000 members.

Mr. Clifford: That is correct.

Mrs. Stefanson: I am just doing my math quickly. I think that is roughly about 60 percent.

Mr. Clifford: It is knocking on the door—

Mrs. Stefanson: It may be a little bit less than that.

Mr. Chairperson: Mr. Clifford.

Mr. Clifford: I beg your pardon. My reflexes, as you see, even with my age, are not shot totally, Chair. Yes, that is about right, in the order of 60 percent.

Mrs. Stefanson: Well, thank you very much for that. Clearly, that is a fairly significant representation of retired teachers in Manitoba. I guess my question for you this evening would be, given your fairly extensive representation, you have also brought forward some other issues of concern. We have

heard a number of other issues that are very similar to some of the concerns that you have as an organization from private citizens this evening. Do you feel that your organization, having a retired teacher on the TRAF board, would help address or be a step toward helping address some of the issues that you have raised this evening?

Mr. Clifford: It would, because in the first place we would be certainly on the TRAF board, which would give us official recognition all over the place. I do not know the status of the Pensions Task Force, for example, but we would see a representation and things like that as well as an independent body, not by grace and favour. We see that we have a right where our pensions are concerned because we are involved in it. Frankly, to be there, I think TRAF would be a good formal, because it would be in the act a good first step.

Mr. Lamoureux: A very quick question, Mr. Clifford. I appreciate your presentation. There seems to be things that you would like to see put into the bill that are not into the bill. The bill itself, with the possible exception of representation on the board, what would be your position on the bill itself?

Mr. Clifford: With the exception of LTD, and we have no formal position as an organization with LTD, the items which are in the bill are, by and large, good. The mat leave business and the adoptive leave do need to be made retroactive. The big problem with the bill, as we see it, is that the really big money items are simply not addressed. The COLA is, obviously, an immediate effect to us. The sustainability of the plan in the long term is a major omission.

If teachers are under-contributing, extrapolate to what will happen to those teachers when they retire. They will not have contributed enough, but where does the rest of the money come from, because that is going to have to be addressed sometime?

If it is not addressed now, it is a compounding problem, and you go back to the problems of the early sixties when the plan of the government putting money in at the last minute was first conceived, which was a bad idea.

Mr. Bjornson: Thank you, Mr. Clifford, for your presentation. We appreciate your comments this evening and thank you for being here.

Mr. Clifford: Thank you.

Mr. Chairperson: The next presenter we have on the list, actually two presenters, Peggy Prendergast and Yvette Spence. Are they here this evening?

Is there leave of the committee to allow the joint presentation this evening? *[Agreed]*

You have a written presentation for committee members?

Ms. Yvette Spence (Private Citizen): Yes, we do.

Mr. Chairperson: Do you wish to make a joint presentation? I guess I should clarify that up-front?

Ms. Peggy Prendergast (Private Citizen): Actually Yvette is going to make it.

Ms. Spence: I am going to make the presentation.

Mr. Chairperson: Okay, Ms. Spence will make the presentation. One moment please, we will distribute your written presentation and then we will proceed.

You may proceed when you are ready. Thank you for your patience.

Ms. Spence: Thank you. Mr. Chairman, members of the legislative committee, Peggy and I are here to speak to the proposed amendment to The Teachers' Pensions Act with regard to the maternity buyback for retired teachers.

Peggy Prendergast and I would like to congratulate the government for introducing this legislation dealing with the maternity buyback option for retired teachers. In August 2000, Bill 45 was proclaimed that recognized teachers who took a maternity leave to be with their infant children were penalized in the length of service used to calculate their pension. Bill 45 addressed this issue, and teachers now have the ability to make their maternity leave pensionable.

Government officials thought federal income tax legislation was in force at that time which appeared to prevent retired teachers from being able to be part of this benefit. Peggy Prendergast and I visited the Minister of Education of the day, Drew Caldwell, in the company of the Retired Teachers' Association of Manitoba executive, and requested the Manitoba government pursue this problem. We were told at the

time that the Manitoba government would not pursue the matter, but we could pursue the issue on a case by case basis. We have done this.

We have had help from a number of politicians at both the provincial and federal level, and from RTAM. We thank everyone for their assistance. As you can see, it has taken a considerable amount of time. The wheels of legislation move very slowly. We are in an unusual position. The buyback benefit extended to active teachers was a benefit they would receive in their future. We are already retired, and ageing daily. We believe there was an urgency in this matter that was not followed. We believe the benefits should be extended to us retroactively to the date the initial benefit was enacted in August 2000. We have been penalized unfairly because we were retired.

As I have pointed out many times, a colleague and I who were the same age both received a year of maternity leave when our respective children were born. Because I had just retired, I was unable to receive the benefit while my colleague was able to buy back the extra year of service before she retired in 2001. She has been receiving the benefit for the past, nearly three years, whereas I have been denied the benefit until this legislation is finally enacted. To the present, this amounts to approximately \$3,500. We believe the legislation should be retroactive to August 2000 when the original legislation became part of The Teachers' Pensions Act.

Another argument to support our position is that, at the time the benefit was being discussed between the government and MTS and the Pensions Task Force, it was the position of both MTS and RTAM that the buyback should be available to retired teachers. In a discussion between Jan Speelman, the then-president of the MTS, and Drew Caldwell, the then-Minister of Education, who wanted Bill 41 to go forward, it was agreed that if Bill 45 was allowed to proceed, the government would follow up in the next session to address the issue of retired teachers being able to buy back maternity leave. The Teachers' Pensions Act would be amended in the next session. It has been a long and expensive four years for both of us, as well as for other retired women in the province.

* (22:30)

Four years ago, MTS and retired teachers agreed in good faith to Bill 45 as it had been written. I might

add that, as retired teachers, we have no official voice. We believe a seat on the TRAF board would give us that voice. From our research we have discovered that retired teachers could have been included in Bill 45 without contravening the Canada Customs and Revenue Agency legislation. We believe the government will follow the honourable way and grant us retroactivity by making the effective date August 16, 2000.

Again, thank you for allowing us this opportunity to present our views and for introducing this important piece of legislation.

Mr. Chairperson: Thank you to both of you for your presentation. Do members of the committee have questions?

Mrs. Stefanson: Thank you both again for being here this evening and for your presentation. I think it is fairly straightforward. My one question was going to be about a seat at the board, but I noticed that you have it near the end as to where you stand on that issue. Again, I just want to thank you very much and I will leave it at that for now.

Mr. Chairperson: Any other questions from the members of the committee?

Mr. Bjornson: I would like to thank you for your presentation.

Mr. Chairperson: Thank you.

The next presenter we have on the list this evening is Brian Ardern, President of the Manitoba Teachers' Society. Mr. Ardern, will you come forward, please?

Do you have a written presentation? Thank you.

Mr. Brian Ardern (President, Manitoba Teachers' Society): My goal tonight is to not talk before you recognize me. That is my goal.

Mr. Chairperson: That is fair.

Mr. Ardern: I would like to thank you for doing these hearings tonight, on a night that is not the seventh game of the Stanley Cup Finals. I was here Monday and I am sure this evening we will have a better outcome as well.

Mr. Chairperson: I believe we are just about ready to start, so Mr. Ardern, whenever you are ready, you may proceed. Thank you for your patience.

Mr. Ardern: The Manitoba Teachers' Society represents the public school teachers in the province of Manitoba. Its concerns about teachers' pensions are a very high priority for our 14 000 active members and for our 9000 retired teachers. We are appreciative of the changes that this government has made to our plan in the past. Amendments to the maternity leave provisions of The Teachers' Pensions Act were well received. Teachers who felt they had been unfairly treated by the provisions of the act were gratified that, finally, Manitoba joined the rest of the country. The changes contained in Bill 46 will create further equity in our pension plan.

For years, the Society has been participating in the Pensions Task Force, a committee made up of representatives of the government and of the Manitoba Teachers' Society. I have a chance to sit on that committee for less than two years and I must say, I do not think there is another issue that seems to draw the interest and the excitement of pensions. The Retired Teachers' Association of Manitoba sits at the Pensions Task Force table. Through the Pensions Task Force, RTAM receives all the information that Society representatives receive concerning potential changes to our pension plan. We understand that RTAM has met with the Minister of Education on pension matters and in addition that there has been extensive consultation between RTAM and MTS on pension issues.

In our consultations at the Pensions Task Force, we have reached agreement on the following: providing retired teachers with an 18-month window to purchase past periods of maternity leave as pensionable service; treating adoptive leaves in the same manner as maternity leaves; matching administrative practice with respect to short-term leaves; addressing pension contributions above the income tax maximum by permitting a member to make an arrangement with his or her employer to pick up additional costs; making periods of disability leave for which benefits are being paid under the Society disability plan, pensionable service without the required contributions. The Manitoba Teachers' Society appreciates the government's commitment to amending The Teachers' Pensions Act to effect these changes.

Three particular areas in Bill 46 require specific mention.

The appointment of members nominated by the Society. The Teachers' Retirement Allowances Fund currently has three representatives from the Manitoba Teachers' Society, two from the Manitoba Association of School Trustees and two government-appointed representatives, one of whom serves as chair.

School boards make no employer contributions to our pensions. Their presence on the TRAF board is a relic from a time when school boards actually contributed to our pensions. This has not been the case for more than 40 years.

The legislation you are considering today changes the composition of the TRAF board. Three representatives will be teachers, which is no change, and four representatives will be chosen by the government, one of whom will be chosen as chair. Trustees will no longer nominate members to sit on the board. While this is a step in the right direction, our goal is an equal partnership between teachers and government to govern the plan.

Contributions on salary above maximum for ac-

Some Honourable Members: Accrual.

Mr. Ardern: For accrual. I have been sitting there a long time. It is amazing my mouth is working at all, actually.

Subsection 52(1.2) and (1.3) are being added to The Teachers' Pensions Act. These sections apply to those members whose salaries are more than the salary required to produce the maximum pension benefit. Currently, these people are required to make pension contributions on this excess salary but receive nothing in return.

Bill 46 provides for employees' contributions on salary above the maximum to be separately accounted for and returned when the employee retires or, if the employer agrees, it can be used to provide additional benefits. We had made some suggestions for changes in that section. We have since looked at it again and you can delete the remainder of that section. So we have reconsidered our suggestion and believe it is no longer necessary.

No contributions during disability. The Manitoba Teachers' Society administers and insures its own disability benefits plan. It is a provincial plan for public school employees with mandatory participation by teachers. School boards do not contribute to this plan. It is only participants who pay the premiums.

Section 52(4) in Bill 46 permits periods of disability leave for which benefits are paid under the disability benefits plan to be pensionable service without required contributions. This amendment brings Manitoba teachers' pension plan in line with every other teachers' plan in the country. Let me say that again. This amendment brings our plan in line with every other teachers' plan in the country.

This change will have absolutely no impact on the pension teachers receive. Manitoba teachers have a defined benefit plan, which means the pension received by retired teachers is prescribed by legislation.

The improvements contained in Bill 46 are a result of consultations at the Pensions Task Force. The Retired Teachers' Association of Manitoba sits at that table with us. Teachers thank government for these changes. We are hopeful that our continuing discussions at the Pensions Task Force will result in legislation addressing the sustainability of our pension plan.

Of all teachers' pension plans in Canada, Manitoba teachers have the lowest pension premiums in the country. Half of our members are expected to retire within the next 10 years. It is the opinion of the actuary for the TRAF board that teachers entering the profession today are not paying enough for the defined benefit that they will be entitled to receive once they retire.

The Manitoba Teachers' Society believes that this problem should be addressed now before the unfunded liability becomes unmanageable. The Society has proposed that teachers' pension contributions be increased by 2 percent: 1 percent would go to general benefits to address the unfunded liability; the other 1 percent would go toward the Pension Adjustment Account that pays our retired members a cost of living adjustment.

This year the COLA for retired teachers' pensions, as you have already heard, will be about

one half of 1 percent. That is all the Pension Adjustment Account can afford. Getting more money into the Pension Adjustment Account so that it can pay a better COLA to retired teachers is a priority for the Manitoba Teachers' Society.

The funding of the Pension Adjustment Account was set when there were seven active teachers for every retired teacher. Today there are less than two active teachers for every retired teacher. The Manitoba Teachers' Society is hopeful that in future the government will permit active teachers to pay more into their pension plan to make it sustainable and to provide a better COLA for retired teachers. Thank you for the opportunity to share our views on Bill 46.

Mr. Chairperson: Thank you, Mr. Ardern, for your presentation. Questions for the presenter?

Mrs. Stefanson: Thank you, Mr. Ardern. I know you went from No. 3 on the list to, I guess, last on the list, but a great presentation and so thank you for your patience tonight as well.

A couple of questions for you this evening. Does MTS have any sort of a problem with having the retired teachers have their own representation on the TRAF board?

Mr. Ardern: The MTS position has been a long-standing one and that is that we believe our pension plan should be a partnership between the people that contribute to it, the teachers, and government. Government is more than free to appoint anybody they choose and government would be free to do that, but our position is that the representation should be split between the teachers and MTS appointments and the government and their appointments.

* (22:40)

Mrs. Stefanson: You were saying earlier that you feel that, through committees and so on with MTS, you represent the retired teachers of Manitoba, the 9000 members. Do you feel that MTS properly represents those people or sufficiently represents those people at the TRAF board now?

Mr. Ardern: I think there has been some confusion tonight about the role of the TRAF board. Nothing that we have discussed here in our brief is actually a power that the TRAF board has. It is an

administrative board. It cannot change the legislation. Having said that, I think that we have. I think there has been a lot of consultation with retired teachers. I have met with retired teachers. I have answered questions all over the province. I know that they have met with government. So I think there is a fair amount of consultation. I think the Manitoba Teachers' Society brings the balance that is required between the active teachers who pay into the fund and the retired teachers who collect.

Mrs. Stefanson: Just for clarification, assuming that one of these representatives of the Retired Teachers' Association of Manitoba did not come from one of your seats at the board, you would have no problem with them having representation at the board.

Mr. Ardern: Government remains free to appoint anybody they choose. Government has that power and we accept that.

Mr. Murray: Again, a tremendous presentation, thank you very much. We have heard a lot from some of the retired teachers making some very eloquent, well-thought-out arguments. I just wondered if you would agree that MTS would support an amendment to ensure that a retired teacher must be nominated as a member of the TRAF board.

Mr. Ardern: Well, we would certainly support an amendment saying that it is a split responsibility between us and government.

Again, government is free to appoint anybody they choose. Government does not need to put that into legislation. Government can appoint anybody they choose.

Mr. Lamoureux: I guess it is along the same theme as the Leader of the Conservative Party has just mentioned. The Teachers' Retirement Allowances Fund obviously seems to be of grave concern for the Retired Teachers' Association of Manitoba. It seems to me that what they are looking for, at least in part, is to have individuals from their association representing retired teachers actually being legislatively mandated to be on the TRAF board.

So just to be very clear, there are seven board members, three of which are MTS. MTS would not have any objection to legislative change or an amendment, as the Leader of the Official Opposition (Mr. Murray) has suggested, that would have

representation guaranteed in legislation from the Retired Teachers' Association of Manitoba.

Mr. Ardern: The Retired Teachers' Association of Manitoba is a non-statutory body. Frankly, in theory, anybody could go out and set up their own retired teachers' association tomorrow. You could have more than one. There are 9000 retired teachers. They represent 52. I think I have answered the question already. Our position on governance has been absolutely clear for a long time. That is, we believe that it is a partnership between the Manitoba Teachers' Society and government. What we would like to see is we would like to see half the seats to MTS and half to government. Having said that, I do not think you need to change legislation. I think government remains free to appoint whomever they choose.

Mr. Chairperson: Any other questions from committee members?

Mr. Bjornson: Thank you very much for your presentation, Brian. I appreciate the time and the effort taken and the patience as our last presenter here this evening. Thank you.

Mr. Chairperson: Thank you, Mr. Ardern. That concludes the list of registered presenters to Bill 46. Are there any members of the public that perhaps were not registered that might want to make a presentation to Bill 46 this evening?

Seeing none, then that concludes the list of presenters on Bill 46, The Teachers' Pensions Amendment Act. I believe that concludes the list of public presentations here this evening.

We have two other bills that I will call to see if there are presenters. Bill 44, The Colleges Amendment Act. Are there any members of the public that wish to make a presentation to Bill 44?

Seeing none, we will proceed to Bill 53, The Statutes Correction and Minor Amendments Act, 2004. Are there any members of the public that wish to make a presentation to Bill 53?

Seeing none, then that concludes the list of presenters that we have for this evening.

We will now proceed to clause by clause of the bills, starting with Bill 42.

During the consideration of a bill, the table of contents, the enacting clause and the title are

postponed until all other clauses have been considered in their proper order. Also, if there is agreement from the committee for the longer bills, I will call clauses in blocks that conform to pages with the understanding that we will stop at any particular clause or clauses where members may have comments, questions or amendments to propose. Is that agreed? *[Agreed]*

Bill 42—The Mines and Minerals Amendment Act

We will now proceed to clause-by-clause consideration of the bills and we start with Bill 42, The Mines and Minerals Amendment Act.

Does the honourable minister have an opening statement?

Hon. Scott Smith (Minister of Industry, Economic Development and Mines): I know the evening is quite late and we have a lot of presenters, so I will keep my comments short.

The bill does allow for the holder of claim in a designated area of the province to group a claim within that designated area and with other interests held by that person in the designated area to perform within that area and receive the credit. It is a key part of the bill that is looked at differently in the northern part of the province right now and certainly to bring it into conformity in the southern part of the province using common sense from the industry that we have consulted with, landowners whom we have consulted with, and many people whom we have talked to.

It allows also for administrative costs that are specifically geared to the project to be directed that way, Mr. Chairperson, and to clarify that component of it. Also, rehabilitation of quarry lands to be paid for by the Quarry Rehabilitation Reserve Account. The provision imposing a reporting requirement is also repealed. It is mentioned in the bill and in other parts and certainly that is something that is housekeeping and being cleaned up as well.

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

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

Mr. Ralph Eichler (Lakeside): Yes, thank you, Mr. Chairperson. The concern that I have was brought

about in the presentation by Mr. Lorenc, and that was with the audit. I am wondering if the minister should maybe look at including an amendment to Bill 42 to include the audit in that bill.

Mr. Chairperson: We are in the point of opening statements and if you have a specific question, Mr. Eichler? Okay, we will proceed clause by clause then.

Clauses 1 to 3—pass; clauses 4 to 6—pass; clauses 7 and 8—pass; enacting clause—pass; title—pass. Bill be reported.

Thank you to members of the committee.

Bill 44—The Colleges Amendment Act

Mr. Chairperson: We will now proceed with the next bill clause by clause, Bill 44, The Colleges Amendment Act.

Does the Minister responsible for Advanced Education and Training have an opening statement on Bill 44?

Hon. Diane McGifford (Minister of Advanced Education and Training): I merely want to mention that this is a housekeeping bill, and we have moved the amendment at the request of the institution, Red River community college.

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

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

Mr. Kelvin Goertzen (Steinbach): Comments were placed on the record during second reading and we will leave our comments at that.

Mr. Chairperson: We thank the member for his statement. We will proceed to clause by clause on this bill.

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

Thank you to the members of the committee.

* (22:50)

Bill 46—The Teachers' Pensions Amendment Act

Mr. Chairperson: The next bill we have before us for clause-by-clause consideration is Bill 46, The Teachers' Pensions Amendment Act.

Does the minister responsible for Bill 46 have an opening statement?

Hon. Peter Bjornson (Minister of Education, Citizenship and Youth): Bill 46 represents the third time in our five-year tenure thus far that we have made amendments to The Teachers' Pensions Act.

Those amendments, in that time, have included the 18-month window of opportunity to apply to purchase past periods of maternity leave as pensionable service; expanding the periods where leave and other service can be purchased; a one-time transfer of \$15.6 million to the Pension Adjustment Account; recognizing part-time service as continuance for the purpose of qualifying for a pension; survivors in same-sex relationship becoming eligible for pension benefits; as well as the recommendations that have been brought forward tonight by the Teachers' Pensions Task Force through the consultation with the teachers' retirement administrative fund, as has been past practice. We are very pleased to bring this legislation forth for discussion this evening.

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

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

Mrs. Heather Stefanson (Tuxedo): Yes, I do. Certainly, as Bill 46 implements some recent recommendations of the recent Teachers' Pensions Task Force, a group made up of representatives from the Manitoba Teachers' Society and the Department of Education, we do have a couple of serious concerns with the bill. While there are some things in the bill that we do agree with, and particularly when it comes to the maternity and the adoptive leaves and those areas, there are other areas that as mentioned with some of the presentations tonight, that we do have concerns with.

Certainly, I and a number of my colleagues have received a significant number of letters and have had meetings with a number of retired teachers, both from RTAM and from other organizations, the

Westman Teachers' Association and a number of other organizations, which have some serious concerns with respect to this bill. I think what we heard tonight, very clearly from some of the presentations, is that the retired teachers do not feel they have been properly consulted, I think when it comes to the content of this bill and some of the things that are maybe not in this bill that we were addressed this evening.

I think we also heard tonight that retired teachers do not necessarily feel that MTS represents them when it comes to the TRAF board and issues with respect to their pensions. I think we heard also from the Manitoba Teachers' Society this evening that they really have no problem with giving a retired teacher a seat at the TRAF board, probably providing it is not one of their seats. They said clearly that the government is free to appoint whomever they choose. Certainly, we on our side of the House agree that a representative of the Retired Teachers' Association of Manitoba should have a seat at the board to be able to bring their concerns forward and have their voices heard at the board level.

So I guess if everyone else is kind of agreeing, Mr. Minister, it is up to you and your colleagues on your side of the House and in government, to maybe do the right thing when it comes to this representation on the board. So those are some of the issues that we are concerned with. I will leave it at that, Mr. Chair.

Mr. Chairperson: I thank the honourable member for the opening statement. Then we will now proceed to clause-by-clause consideration.

Shall clauses 1 and 2 pass?

Mrs. Stefanson: I do have an amendment.

Mr. Chairperson: Is there will of the committee to split the two clauses and allow clause 1 to pass? The amendment is relating to clause 2. Is that agreeable? *[Agreed]*

Clause 1—pass.

Clause 2?

Mrs. Stefanson: Yes, I move

THAT *the proposed clause 41(5), as set out in Clause 2 of the Bill, be replaced with the following:*

Appointment of members from nominee lists

41(5) Of the members of the board,

(a) three must be appointed from a list of nominees provided to the minister by the society; and

(b) one must be a retired teacher appointed from a list of nominees provided to the minister by the Retired Teachers' Association of Manitoba Inc.

Mr. Chairperson: It has been moved by Mrs. Stefanson

THAT *the proposed clause 41(5), as set out in Clause 2 of the Bill, be replaced with the following:*

Appointment of members from nominee lists

41(5) Of the members of the board—

Some Honourable Members: Dispense.

Mr. Chairperson: Dispense. The amendment is in order.

Mrs. Stefanson: I just want to briefly speak to the amendment. I think I mentioned why we are doing this and the importance of the Retired Teachers' Association of Manitoba having a seat at the board. I mentioned those in my opening remarks. I am certainly looking forward to this hopefully passing this committee. I really would urge and encourage this minister to do the right thing when it comes to this amendment.

Mr. Bjornson: As has been pointed out through the presentations this evening, the Retired Teachers' Association of Manitoba is not a statutory body. It has also been pointed out, over the course of this evening, that it would be the government's prerogative to appoint a retired teacher if the government so wished. So I am speaking against the amendment.

Mr. Ralph Eichler (Lakeside): I am very disappointed to hear that. I think it is very clear and evident from the representation here tonight, and I know from being a past administrator of Interlake School Division for a number of years, how hard teachers work. When they work so hard to bring something to the attention of the minister and this government, by not allowing this amendment to go through, I think the minister should definitely reconsider on that side of the House.

Mrs. Stefanson: I, too, am very disappointed in the minister's comments. It is clear that the Retired Teachers' Association of Manitoba is a recognized body in our province that represents almost 60 percent of retired teachers and to not allow them any kind of voice at the table, at the TRAF board, especially when issues of pensions are paramount here, I am very disappointed that the minister is opposing this amendment.

Mr. Bjornson: As has been mentioned, although the Retired Teachers' Association of Manitoba represents 60 percent of retired teachers, they do not represent 100 percent of retired teachers. They are not a statutory organization and a non-statutory organization cannot be recognized in legislation.

Mr. Jack Penner (Emerson): We are certainly disappointed by the minister's comments and by the minister's refusal to recognize the importance of those people that have taught all our children and have spent years in the education system. Not being recognized by one of their own who is now the minister is almost unthinkable. Recognizing that they have served and they need a voice on the board and that the minister will not recognize that need is almost unthinkable from this side of the House.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, as it was pointed out, I am not necessarily a member of the committee, but I will be voting on the bill itself. I have had opportunity to do some consulting on this issue and I would advise the Minister of Education that he might want to rethink. I think that what we have to look at is that it is a seven-member board of which MTS has three and the government has four appointments. Whether it is a legislative body or not is, quite frankly, irrelevant.

The amendment is actually fairly generous toward the minister being able to accept it. Some could have argued, as opposed to one, that they could have had three individuals appointed and the minister would appoint the chair.

I do not quite understand why it is the Minister of Education does not recognize what everyone else seems to be recognizing.

My understanding is other provinces have recognized that retired teachers do have a role in this area, and I do believe that the government would be best advised to recognize the reality of today and

acknowledge that there is a need. There is no better way of doing that than bringing it in as a part of the legislation. It is not just good enough to hear the Minister of Education say, "Well, I will appoint a retired teacher." I think that the retired teachers warrant an official designation in the legislation, and I would ask for the minister to reconsider it. Thank you.

* (23:00)

Mr. Kelvin Goertzen (Steinbach): I also agree, Mr. Chairperson, that the minister really needs to take time here this evening to reconsider this. I know this has been a topic of some discussion, so it does not come as a surprise to him, I do not think, that this suggestion is on the table. Certainly, to hide behind the fact that this is not a legislative body, the Retired Teachers' Association of Manitoba, does a disservice to those teachers who have spent years in the classroom and who have had such an effect on so many Manitobans and done so much for our province. To be here today, as the Member for Emerson (Mr. Penner) states, as a teacher himself and to betray his own, I think, is very, very disappointing to see that here this evening from the minister.

I have not yet heard from other members of the committee representing the New Democratic Party on this particular issue. I would be interested to see if they feel the same as the Minister of Education that in fact there is no need for representation from teachers on their own pensions. If they choose to remain silent and not speak up on this issue, I think is a sad reflection on their ability as well.

Mr. Bjornson: I do recognize retired teachers. As we have said tonight on a couple of occasions, both myself and, as has been articulated by a presentation by Mr. Ardern, that it is my prerogative to appoint a retired teacher.

The changes that we are discussing tonight in Bill 46, to The Teachers' Pensions Amendments Act, are a result of a process that has been in place for a number of years now with the Teachers' Pensions Task Force taking the recommendations from TRAF and coming to consensus on the recommendations for changes to the pension act. As such, the changes that we are making right now, or would be bringing to the legislation right now with respect to the board as an interim measure, and discussions around

governance, are ongoing with the Teachers' Pensions Task Force and with TRAF. This is something that could be revisited. In the interim, as mentioned, it is my prerogative as minister to appoint a retired teacher.

Mrs. Stefanson: Just briefly, Mr. Chair. It is also the minister's prerogative, as the Minister of Education, to accept this amendment as it is today and to move forward on this issue. So I would encourage him to do the right thing when it comes to this and accept this amendment.

Mr. Eichler: Just one last point. The minister, I believe it was in one of the presentations, Mr. Caldwell also said that, you know, trust me, we will look into it, and that was four years ago.

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: The question before the committee—do you wish to have the amendment read?

An Honourable Member: Dispense.

Mr. Chairperson: Dispense. Okay, thank you.

Voice Vote

Mr. Chairperson: All those in favour of adopting the amendment, please say yea.

Some Honourable Members: Yea.

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

Some Honourable Members: Nay.

Mr. Chairperson: In the opinion of the Chair, the Nays have it. The amendment is accordingly defeated.

Mr. Chairperson: Shall clause 2 pass?

Mr. Lamoureux: Mr. Chairperson, I just had one, maybe, possibly two short questions. Is the Minister

of Education (Mr. Bjornson) aware that other provinces have allowed for retired teachers to play the role that has been requested of them in this amendment?

Mr. Bjornson: We do not know for sure. It might be possible.

Mr. Lamoureux: So the Minister of Education, at this point in time, is not even aware of whether or not retired teachers are involved in these sorts of boards in other jurisdictions at all, no idea of that?

Mr. Bjornson: No, I am not aware. As I said before, the changes to the TRAF board structure were changes that were recommended by the Teachers' Pensions Task Force, as has been the past practice through dialog with the TRAF board. That is the status of these discussions, that the discussions on governance are continuing. The measures that we are proposing tonight would not prejudice those discussions in the future.

Mr. Lamoureux: Yes, I guess the final question is probably more of a suggestion, Mr. Chairperson. I do believe that the Minister of Education would be well advised to meet with members from the Retired Teachers' Association prior to going into third reading and possibly even make a phone call or two, because it would appear just by the answer that this is not really something that the minister has given very much thought to. I think it would go a long way in showing support for the way in which committees operate, when ideas come to the committee and they are good ideas, that there is nothing wrong with government accepting it.

You have one more opportunity, and that is through a third reading, to bring in an amendment. I think that if you were to canvass other jurisdictions and talk with some of the local retired teachers here you might find that there is a genuine need. As the member previously had spoken, you would not have to wait years in order to amend it. You could actually do it tomorrow.

Mr. Bjornson: Once again I would like to reiterate that there is a process that has been engaged in for a number of years now with respect to the recommendations that are made. That process is the Teachers' Pensions Task Force, in dialogue with the teacher retirement and administration fund board, brings recommendations forward. It has been

identified tonight that it is my prerogative to appoint a retired teacher with 60% representation currently by RTAM. What is there to prevent another organization coming forward and, as identified by MTS, declaring themselves a retired teachers' association? That would be problematic. It is my prerogative to appoint four people to the board. It is my prerogative to appoint a retired teacher.

Mr. Penner: Just one last comment on this matter. I think it is important to note that these people are here today to ask for a recognition of their ability to sit on a board that makes decisions on their behalf. All they have asked is to have representation on that board to help make the decision that will determine their future. I think that is not too much to ask, surely. We know that you are relatively new here, but we also recognize that you must make the decision because you are the minister. It is your prerogative to appoint a member to the board. Will you make the commitment today that you will appoint a member to the board?

* (23:10)

Mr. Bjornson: It is my prerogative if I so desire to appoint a retired teacher to the board. There is a process of review that is ongoing, dialogue is ongoing around governance and that process will bring forward recommendations. When the Teachers' Pensions Task Force brings forward recommendations, they are given consideration by the government and the recommendations that were made by the Teachers' Pensions Task Force are what we see in Bill 46 today.

Mr. Goertzen: Mr. Chairperson, the minister's argument borders on ridiculous when he says that he will not appoint someone from RTAM on the board because they do not represent all retired teachers. And yet he says he might possibly, it is his prerogative, to appoint a retired teacher who represents nobody in terms of organization. So you have an organization that represents 60 percent of retired teachers and you say, "Well, we are not going to appoint somebody to represent those 60 percent," and presumably maybe the other 40 percent, but you are going to appoint somebody who represents nobody. It is a foolish position and it is like you take us for fools.

Mr. Bjornson: There currently is a member of RTAM on the Teachers' Pensions Task Force and we

have heard the presentations tonight. There is a process. We will honour that process with respect to future recommendations and we are not going to undermine that process.

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: The question before the committee is shall clause 2 pass.

Some Honourable Members: Yes.

Some Honourable Members: No.

Voice Vote

Mr. Chairperson: All those in favour of passing clause 2, signify by saying yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, signifying by saying nay.

Some Honourable Members: Nay.

Mr. Chairperson: In the opinion of the Chair, the Yeas have it.

Formal Vote

Mrs. Stefanson: Mr. Chair, can we have a recorded vote, please.

Mr. Chairperson: A recorded vote has been requested.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 6, Nays 4.

Mr. Chairperson: Clause 2 is accordingly passed.

* * *

Mr. Chairperson: Shall clause 3 pass?

Mr. Bjornson: I have an amendment. I move

THAT the proposed clause 52(1.2)(b), as set out in Clause 3(1) of the Bill, be amended by striking out

"the employer agree, used to provide" and substituting "his or her employer agree, used to provide, at no cost to the government,".

Mr. Chairperson: It has been moved by the Honourable Mr. Bjornson

THAT the proposed clause 52(1.2)(b), as set out in Clause 3(1) of the Bill, be amended by striking out "the employer agree—

An Honourable Member: Dispense.

Mr. Chairperson: Dispense. The amendment is in order. Any discussion?

Mr. Bjornson: This is to clarify that there will be no cost to the government. The cost would be shared between the teacher and his or her employer.

Mr. Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Chairperson: The question before the committee—do you wish to have the amendment read?

An Honourable Member: Dispense.

Mr. Chairperson: Dispense. Is it the pleasure of the committee to adopt the amendment? *[Agreed]*

Clause 3 as amended—pass; clauses 4 and 5—pass; clauses 6 and 7—pass; clause 8—pass; enacting clause—pass; title—pass. Bill as amended be reported.

Thank you to the members of the committee.

Bill 53—The Statutes Correction and Minor Amendments Act, 2004

Mr. Chairperson: All right, we will now proceed with Bill 53.

Does the minister responsible for Bill 53 have an opening statement? No.

Does the critic for the official opposition have an opening statement? No opening statement. Thank you to both members.

Due to the size of Bill 53 and the number of clauses, is it the will of the committee to have the

Chair call clauses in blocks that conform to the six parts of the bill, with the understanding that we will stop at any particular clause or clauses where members may have comments, questions, or amendments to propose? Is that agreed? *[Agreed]*

Thank you to members of the committee.

Clauses 1 to 59—pass; clauses 60 through 88—pass; clauses 89 to 96—pass; clauses 97 to 109—pass; clauses 110—pass; clauses 111—pass; table of contents—pass; enacting clause—pass; title—pass. Bill be reported.

Thank you to members of the committee. The hour being 11:18 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

Mr. Chairperson: Committee rise. Thank you to the members of the committee.

COMMITTEE ROSE AT: 11:18 p.m.

WRITTEN SUBMISSIONS PRESENTED BUT NOT READ

Re: Bill 46

I want to express my concerns regarding The Manitoba Teachers' Pensions Act as there are a number of deficiencies in that act. None of the proposed amendments to the act in Bill 46 address my concerns with the current act.

1. Representation on the Board of the Teachers' Retirement Allowances Fund (TRAF).

I am one of approximately 8000 retired Manitoba teachers. Since there are about 14 000 active teachers in Manitoba, 36 percent of 22 000 teachers are retirees. In addition, a large portion of the assets in TRAF originated from the contributions of those who are now retired. It would therefore seem both obvious and fair that teachers who are retired should have a representative on the Board of TRAF. Three of the TRAF board are currently nominated by the Manitoba Teachers' Society (MTS). Of those three nominees, one should be a retired teacher. That has been the position of the Retired Teachers' Association of Manitoba, RTAM, since 1992 and that position is justified.

Bill 46 should propose an amendment to ensure that a retired teacher must be nominated as a member of the TRAF board.

2. Cost of Living Allowance (COLA).

One of the weakest features of TRAF pensions is the fact that a full COLA is not made to all pensions paid so that pensioners do not suffer from the ravages of inflation. Eleven times in the last twenty-three years a COLA has been paid which was less than the CPI for those years. Four of those times have occurred in the last six years during a period when inflation has been at historical lows. A teacher's pension has dropped in value each of those eleven years, and the loss is permanent. Higher rates of inflation will inevitably return. Pensioners will experience further losses in the future if COLA adjustments to their pensions are not made to match inflation. The current situation is deplorable and must be rectified.

Measures should be taken to ensure that a full COLA is paid in the near future and in ensuing years.

3. Long-term disability, LTD.

The LTD plan for teachers which is self-insured by the MTS includes a provision to pay pension contributions into TRAF for teachers who are on long-term disability leave. Any proposal that those contributions be waived is wrong and unjustified.

Premiums paid by teachers to the LTD plan should accurately reflect the costs of that plan. Those costs include contributions made to TRAF on behalf of teachers who are on disability leave. If it is found that the LTD plan cannot pay all of the costs of that plan, the plan must be faulty. Administrators of the plan should ensure that one or all of several things should happen. LTD premiums should be increased, LTD eligibility rules should be changed or LTD payments to teachers should be decreased. No shortcuts should be taken.

Pension contributions to TRAF for teachers who are on disability leave should NOT be waived. Those premiums should be and must be paid from LTD plan funds.

4. Contributions to TRAF.

I understand that the current contributions of active teachers to TRAF is not sufficient to fund the

pensions of those teachers when they retire. If my understanding is correct, those teachers will be in a very dangerous situation. Teachers place their trust in the legislation governing their pensions and on the administrators of TRAF, and it is imperative that the contributions be such that their pensions are fully funded. Bill 46 should and must contain an amendment to ensure that TRAF is adequately funded so that each teacher's pension is safeguarded

The contributions of teachers to TRAF must fund in full the cost of pensions to be paid to those teachers when they retire.

Respectfully submitted,
Gordon Henderson

* * *

Re: Bill 46

I am concerned about the contents and future repercussions of Bill 46, The Teachers' Pension Amendment Act, that was introduced by the Honourable P. Bjornson on April 28, 2004. I want to draw your attention to the following:

The Teachers' Retirement Allowances Fund (TRAF) and the long-term disability fund (LTD) are separate, distinct funds.

As a practising teacher for 30 years, I contributed to both funds.

As a retired teacher (June, 1996), I expected to receive an annual increase in my pension that fully matched the Manitoba annual cost of living. For the past six years this has not happened. Bill 46, if passed, does not even mention the continuation of a full COLA, cost of living allowance. It is my understanding that in British Columbia retired teachers do get a full COLA to keep them abreast of provincial cost of living increases. Is this discrimination against retired Manitoba teachers or just an oversight?

The Teachers' Retirement Allowances Fund receives contributions from all active teachers. Their pension is controlled by the TRAF board which consists of three Manitoba Teachers Society (MTS) representatives, two Manitoba Association of School Trustees (MAST) members and two government appointees, with no representation by retired teachers

who have contributed to the pension fund. Is this fair? The TRAF board should consist of only individuals who have made financial contributions and should have a voice in policy decision making.

Bill 46, if passed, will have a negative effect on presently retired teachers as well as those who retire in the future because their spending power will diminish more and more each year. It is important to realise that the passing of this bill also means that any teacher that is presently on LTD will not make any contributions to the TRAF pension fund when they are disabled, but on retirement they will receive a full pension for their active teaching years as well as for the time they were on LTD even though they have not paid into the pension plan. This means that they receive from both funds without contributing. Is this fair?

MTS proposes in Bill 46 to move \$1.5 million from the TRAF fund annually to bolster the depleting LTD fund without the permission of the contributors, the retired teachers who have no voice on the TRAF board. Is this proposal legal?

A copy of this letter is being mailed to Members of Parliament.

Sincerely,
Richard McIntyre, B.A., B.Ed. (Retired Teacher,
Vincent Massey High School)

* * *

Re: Bill 46

In preparing this response I decided to use a point form, I acknowledge that the committee has a significant workload and I believe a summary type format is quicker to digest.

I thank the committee for being able to make this presentation.

- 1 Amendments to The Teachers' Pensions Act are needed. This bill only tinkers with the problems. It avoids difficult issues.
- 2 Subsection 41(5), Appointment of members.

Removal of Trustees, good idea

Teacher pensions are for retired teachers, not active teachers. Why was Retired Teachers' Association not named?

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|-----------|---|--------------------------------|---|
| 3 | Subsection 52 (1.2 and 1.3), Contribution above maximum

Limited number of beneficiaries but a good idea. | | Do not contribute enough to pay their portions of their pensions. Who picks up the difference.

Greater unfounded liabilities? |
| 4 | 52 (4), Contributions during Disability

Do not change the original. This is simply off-loading, and a sop to MTS. It reduces any surplus or compounds shortfalls | 2 | Effects on interest rates when borrowing money?

COLA vs CPI

First pension cheque is the best. Down-hill thereafter |
| 5 | 63.1 (2), Past Maternity Leave

Excellent but start up date should be the same as for teachers in service

The same general comments apply to adoptive leaves | | Solutions to both the above: an increase in contribution rates

Solution to the COLA issue and overall health of the plan: government puts in its share now |
| 6 | 63.4, Paid short term leaves

Agree | 3 | Surplus

Some flexibility needs to be built in to allow some spending of the surplus without going to the Legislature. |
| Omissions | | | |
| 1 | New Teachers | Sincerely,
Terence Clifford | |