

Second Session - Thirty-Ninth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

on

Legislative Affairs

Chairperson
Mr. Doug Martindale
Constituency of Burrows

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Ninth Legislature

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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LEGISLATIVE AFFAIRS

Monday, June 2, 2008

TIME – 8 p.m.

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LOCATION – Winnipeg, Manitoba

**CHAIRPERSON – Mr. Doug Martindale
(Burrows)**

**VICE-CHAIRPERSON – Ms. Bonnie
Korzeniowski (St. James)**

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Mr. Lathlin, Hon. Ms. McGifford, Hon. Mr. Selinger

Messrs. Borotsik, Dyck, Hawranik, Ms. Korzeniowski, Messrs. Maloway, Martindale, McFadyen, Ms. Selby

APPEARING:

Mr. David Faurschou, MLA for Portage la Prairie

Mr. Cliff Graydon, MLA for Emerson

Mrs. Leanne Rowat, MLA for Minnedosa

Mr. Kelvin Goertzen, MLA for Steinbach

WITNESSES:

Bill 38-The Balanced Budget, Fiscal Management and Taxpayer Accountability Act

Mr. Rick Martel, Private Citizen

Mr. Jack Penner, Private Citizen

Mr. Dave Henderson, Private Citizen

Mr. Shaun McCaffrey, Private Citizen

Mr. Trevor Strome, Private Citizen

Ms. Chantel Henderson, Private Citizen

Mr. James Cotton, Private Citizen

Mr. Jim Spencer, Private Citizen

Mr. Rick Negrych, Private Citizen

Mr. Ken Mason, Private Citizen

MATTERS UNDER CONSIDERATION:

Bill 6-The Securities Amendment Act

Bill 25-The Embalmers and Funeral Directors Amendment Act

Bill 29-The Business Practices Amendment Act (Disclosing Motor Vehicle Information)

Bill 38-The Balanced Budget, Fiscal Management and Taxpayer Accountability Act

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

This meeting has been called to consider the following bills: Bill 6, The Securities Amendment Act; Bill 25, The Embalmers and Funeral Directors Amendment Act; Bill 29, The Business Practices Amendment Act (Disclosing Motor Vehicle Information); Bill 38, The Balanced Budget, Fiscal Management and Taxpayer Accountability Act.

We have a number of presenters registered to speak this evening. Please refer to your presenters' list.

Public presentation guidelines: Before we proceed with the presentations, we do have a number of other items and points of information to consider. First of all, if there's anyone else in the audience who would like to make a presentation this evening, please register with the staff at the entrance to the room. Also, for the information of all presenters, while written versions of presentations are not required, if you're going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help with photocopying, please speak with our staff.

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 five 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 a second time, they will be removed from the presenters' list.

Order of presentations: On the topic of determining the order of public presentations, I will note that we do have out-of-town presenters on our list marked with an asterisk that were recently added since our last meeting this morning.

For information of the committee, on Thursday, we agreed to hear presenters for Bills 6, 25 and 29 first, then our French presenter, then our out-of-town

presenters, concluding with our in-town presenters. We left off hearing presentations to Bill 38 with our in-town presenters. We also still have a presenter that is registered to speak to Bill 29.

Madam Vice-Chairperson in the Chair

Madam Vice-Chairperson: We also still have a presenter that is registered to speak to Bill 29 who was called this morning and has been dropped to the bottom of Bill 29's list.

With these considerations in mind, does the committee wish to hear presenters for Bill 29, then hear from our recently added out-of-town presenters, and then resume where we left off on Thursday evening? Yes? Agreed?

Mr. Rick Borotsik (Brandon West): That's fine, certainly, to clear up Bill 29. If the presenter is here, that would be wonderful.

Prior to going back to the in-town presenters, though, I wonder if we could have a bit of a discussion as to where we left off the out-of-town, because this morning we were going to out-of-town presenters and dropping them down off the list. In fact, there was an in-town presenter who wished to make a presentation this morning at about quarter to 12 and that wasn't allowed. So maybe, after we hear the presenter for Bill 29, we can discuss that particular issue, Madam Vice-Chairperson, because I do know that there are a couple of out-of-town speakers here that perhaps we could give leave to have them also speak first, so we can discuss that after 29.

* (20:10)

Madam Vice-Chairperson: Would the committee like to deal now with Bill 29 and then determine? [Agreed]

Then we'll call on Robert Waddell.

I'd 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 the commencement of this meeting, there were 75 persons registered to speak to these bills. Therefore, according to our rules, this

committee may not sit past midnight to hear presentations.

Prior to proceeding with public presentations, I would like to advise members of the public regarding the process when speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say the person's name. This is the signal for the *Hansard* recorder to turn the mikes on and off.

Thank you for your patience, and we shall now proceed with our public presentations.

Robert Waddell. Robert Waddell. Robert Waddell. He has already been called once, so he will now be deleted from the list.

Now we will determine whether the committee prefers to hear the out-of-town presenters first. We'd like to hear the newly added out-of-town presenters.

Mr. Borotsik: I wonder, with the indulgence of the committee, there is an out-of-town presenter here who has been called previously. He is from a fair distance away, and I wonder if I would be granted leave to call presenter No. 66, Mr. Dave Henderson, who is here as an out-of-town presenter. I wonder if the committee would allow Mr. Henderson to make presentation.

Madam Vice-Chairperson: Is it the will of the committee to—oh, I'm sorry.

Hon. Diane McGifford (Minister of Advanced Education and Literacy): Yes, Madam Vice-Chairperson, I think we should deal with the issue of out-of-town presenters and the way in which we'd like to hear from them. If I'm understanding correctly, the Chair has informed us that there are some newly registered out-of-town presenters and that our common practice would be to start with those newly registered ones and then to move on to other out-of-town presenters.

I know, this morning—I think I can call you Mr. Borotsik—was very keen on the importance of hearing from everybody and pointed out the evening was a much better opportunity, so here we are. I'd suggest that that be our order.

An Honourable Member: Agreed.

Madam Vice-Chairperson: Agreed? Clarify. We will hear from the out-of-town presenters first—newly added out-of-town presenters first.

Bill 38—The Balanced Budget, Fiscal Management and Taxpayer Accountability Act

Madam Vice-Chairperson: Mike Waddell. Mike Waddell. Mike Waddell will now be dropped to the bottom of the list.

Rick Martel. On Bill 38.

Do you have a written presentation?

Mr. Rick Martel (Private Citizen): I do not have a written presentation, Madam Vice-Chair.

Madam Vice-Chairperson: Fine. Would you just please proceed.

Mr. Martel: Madam Vice-Chairperson, committee members, my name is Rick Martel. I'm from Altona, Manitoba, and I'm speaking as an individual to you tonight.

First of all, I would like to thank you for allowing me to speak—my schedule is kind of wild this time of year—and for allowing me to speak early tonight. I do appreciate it.

When I first read about Bill 38, I said, well done. Set dates for elections? My friends from Australia would say, good on you. But then I read the rest of the legislation, the rest of the bill that changes balanced budget legislation and turns the clock back 40 years. I really don't understand how you could consider changing it in good faith to the Manitoba people. The balanced budget was the best piece of legislation to come out of the 1990s.

Why would you put in place a policy that's been rejected by every other provincial government and federal government in the last 15 years? I don't deficit-budget. I'd never get away with it. My credit union wouldn't allow it. I guess they don't believe my sons are going to pay that bill, and they're probably right. My town doesn't deficit-budget. They can't. They're regulated by The Municipal Act, an act passed by you, by the way, with the understanding of the dangers of deficit budget. The federal government doesn't deficit-budget also. Why you? If it's for unforeseen situations, you have the rainy day fund for it. If it's not enough, build it up over time.

Don't put my sons and my grandchildren and yours in debt for the short-term solution at best and political expediency at worst. Then you want to raid the profits of the Crowns, more for their future? Our Crowns are the one card that we have in Manitoba that puts us on the leading edge of power sources in the North American market. Manitoba Hydro will

need hundreds of millions of dollars in the next few years just to build dams and hydro lines. Really, we can't afford to take money from them. They need every cent they can get. The Manitoba Public Insurance Corporation, they're covered by the Public Utilities Board. That's been tried. Insurance rates are high enough. Workmen's compensation? Well, that's not your money in the first place; that belongs to employees.

Please don't change the balanced budget legislation. Don't put our children in debt. Let's give them a better start than that. Thank you very much.

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

Mr. Rick Borotsik (Brandon West): Mr. Martel, I believe, and correct me if I'm wrong, but I believe that you have municipal experience. Is that correct?

Floor Comment: A few years.

Mr. Borotsik: Okay. You have to wait for the Chair. Okay. Here's the process. When I ask the question, she has to identify me, and then she'll identify you because *Hansard* has to know who's speaking at that particular time. So we'll get that out of the way, first.

When you say a few years, can you expand on that a little bit? How many years of experience do you have as a municipal councillor?

Mr. Martel: Eighteen years.

Mr. Borotsik: Municipalities are administered by an act of government. In fact, if I heard it once, I heard a thousand times that municipalities are a creature of the provincial government, and I know that at that time it had a tendency of wearing thin with me, but there were some rules and regulations that were put into place by that municipal act.

One of them was, as I recall, that municipalities are forced by the province on an annual basis to balance their budget. Was your municipality required to balance their budget, their operating budget on an annual basis?

Mr. Martel: That's correct. We had to balance our budget, and if there were extenuating circumstances that we weren't able to balance our budget, we were mandated under the act to tax for that the next year.

Mr. Borotsik: That's a very interesting point. So, if you were short, hypothetically by \$200,000, let's say, on an annual operating budget for whatever reasons, whether they were extenuating or not, you couldn't go and borrow that particular \$200,000 and show it as debt to the municipality.

* (20:20)

What you had to do, as I understand, is actually raise, in the next budget year, all of the money you needed or required to operate that municipality plus the \$200,000 that you had overexpended in the fiscal year. Is that the way that would work, Mr. Martel?

Mr. Martel: That's correct.

Mr. Borotsik: So municipalities, I would suspect, learned to live within their means. When you set a budget, you were, I would think, fairly responsible in showing a realistic revenue that was coming in from whatever revenue source, and you didn't have quite that many revenue sources. There was pretty much property taxes and that was it. But, when you budgeted and decided how much revenue you were going to achieve from property taxes, that's all the money that that municipality really could spend on services that you had to provide to your ratepayers at that time. Is that correct?

Mr. Martel: That is correct. We are limited, as the MLA has asked, we are limited in our sources. We have taxation, and property taxation is our major source of funding. We, in the last few years, did get some money from the feds through the gas tax rebate which was really appreciated because it went into things like roads, sewer and infrastructure. At the time, it was well appreciated and still is appreciated, I can guarantee you, by every municipal government out there.

But, beyond that, we have some minor funding that comes in from some other sources, very minor. We do services for other municipalities. It's somewhat limited. We do the sales of some equipment that we have that is obsolete.

Mr. Borotsik: Thank you, Mr. Martel.

I guess the point I was trying to make—I know you have limited revenue streams. The point I was trying to make is that you cannot, as a municipality, deficit finance. You have to make sure that you have the money.

Now, if you found throughout the budget year that perhaps either your revenues were less than what you thought they were or, for that matter, your expenses were coming in higher than what you had budgeted, as a municipal official how would you react to those kinds of situations?

Mr. Martel: We have two ways of reaction. One is to cut expenditures, literally, stop programming, stop capital expenditures. That's probably the major

source of revenue for any municipality, and that has happened over the years, as members of the Legislature know. The other way, literally, is to make it up the next year, and that hurts. To go back to the taxpayer the next year and look for \$200,000 from a small community, that's a big bite. We're talking, in many cases, up to two and three mills per community, and that hurts.

Local municipal government doesn't like to do that and, quite frankly, historically, they've done a wonderful job. I spent some time on AMM and I'll crow about some of our municipal governments. They do a wonderful job with limited funding and limited sources of dollars.

But, yes, it's a tight squeeze. There's absolutely no question about it. But it's, quite frankly, the right way to do it. I would say to you that if municipal government was allowed to deficit budget, it would be a dog's breakfast out there very quickly.

Madam Vice-Chairperson: We are over our time for questions.

Mr. Faurschou had his hand up for a while. For one very short question.

Mr. David Faurschou (Portage la Prairie): The comment you made in regard to reserve funds, with your municipal experience as well—municipalities do have reserve funds, as well. Could you elaborate on how, in your experience, and that could potentially be related provincially.

Mr. Martel: Most municipal governments buy capital expenditures out of reserve funds, and they're built over years. They're built by utility funds, by profits in your sewer and water. Your plan built when you have raised taxation to build those funds. So to buy a \$150,000 or \$200,000 piece of equipment, it may take you two or three years to get enough money in place to do it. It takes long-term planning. It takes commitment and it takes a lot of hard work, but it's happening.

Municipal governments have done it, not only because it's the right thing to do; it's legislated. We have no choice, and that's a good thing. I believe that the provincial government should operate the same way.

Madam Vice-Chairperson: Thank you, Mr. Martel. I do believe that I've extended some fair latitude here, and thank you for your presentation.

Mr. Gerald Hawranik (Lac du Bonnet): Yes, I'd ask, Madam Vice-Chairperson, that we have leave of

the committee to allow Mr. Martel to continue answering questions. Obviously, there are further questions to be asked. I think it's valuable to have Mr. Martel answer questions at this committee. He's got 18 years experience, municipal experience. He didn't even take his 10 minutes allotted time to do his presentation, and he's travelled all the way from Altona. I think it's only common courtesy that we grant him additional time in case we do have further questions.

Hon. Diane McGifford (Minister of Advanced Education and Literacy): I think we have a process in place. I think it's working very nicely, and I think we should stick with it. Thank you.

Mr. Hugh McFadyen (Leader of the Official Opposition): I'd just like to support the comments by Mr. Hawranik. I think that the committee has always exercised a degree of discretion and flexibility and, given that Mr. Martel didn't use his full 10 minutes, and given the Premier's (Mr. Doer) comments today about his desire to see every member of the public have a full opportunity for input, I'm not sure that it's appropriate for the Member for Lord Roberts (Ms. McGifford) to be trying to cut off members of the public who have legitimate points to put on the record.

Madam Vice-Chairperson: Is there leave of the committee to extend the time for Mr. Martel?

Some Honourable Members: Leave.

An Honourable Member: No.

Madam Vice-Chairperson: I'm sorry, leave has been denied.

Mr. Hawranik: Well, it leaves me really no alternative, Madam Vice-Chairperson. Obviously, Mr. Martel travelled quite a distance to come here. We didn't even give him—he didn't take his full 10 minutes to do his presentation. He has a lot to offer to this committee. There are further questions.

So I would move that the committee allow Mr. Martel to continue to answer questions from the committee for at least another 20 minutes.

Madam Vice-Chairperson: Is this a motion?

Mr. Hawranik: It's a motion, yes.

Madam Vice-Chairperson: We need it in writing.

Mr. Hawranik: Sure.

Madam Vice-Chairperson: It has been moved by Mr. Hawranik that the committee allow Mr. Martel

to continue to answer questions from the committee for a further 20 minutes.

The motion is in order, and the floor is open for questions.

Mr. Hawranik.

Mr. Hawranik: Hawranik.

Madam Vice-Chairperson: What am I saying? Say Korzeniowski.

Mr. Hawranik: Hawranik, yes.

Madam Vice-Chairperson: I said Hawranik.

Mr. Hawranik: Oh, you did? Okay, I didn't see you.

Madam Vice-Chairperson: I said Hawranik. I don't know how else—Hawranik.

* (20:30)

Mr. Hawranik: Okay. Yes, okay. There you go.

Madam Vice-Chair, you know, the Premier (Mr. Doer) clearly said he wanted input from the public, and I think we as a committee ought to ensure that there is full public input at these committee hearings and that there is full attention paid to people asking questions and also to people answering questions in this committee.

I think it's only fair, particularly out-of-town presenters. Mr. Martel has come forward. He's driven about a hundred miles, about 160 kilometres just to come to this committee. He's taken time out of his busy schedule. He's taken the time to register for this committee, to speak at this committee, and to follow through by travelling that distance to come to committee. I think it's only fair that we—of course, we heard his presentation. It's only fair that we are permitted to ask questions to ensure that we hear him in terms of what he has to say with this particular bill.

He has 18 years' experience, municipal experience. That municipal experience came at a cost to him because of the fact that he put his name on a ballot and he was accountable to his taxpayers and to the people in his community, and I think it's important that we hear from him, particularly with this bill, because, as we heard him indicate as a municipal politician, he was forced by the Province, in particular, to balance his budget each and every year and that he's identified the fact that Bill 38 doesn't necessarily put that same onus on the Province.

He clearly has something to say. He has a great deal of experience in a municipal forum. He has the ability, I think, to provide information to committee that we might not otherwise receive, and I think it's only fair that we hear him out.

Mr. Chairperson in the Chair

Initially, I was just going to leave it open-ended in terms of the motion to allow him to continue to respond to questions, and I don't think it probably would have taken more than 10 or 15 minutes, but since we had all this opposition from members opposite, I think it's only fair that he be allowed to answer questions for an additional 20 minutes at the maximum.

I'm not leaving it open-ended. It's a fair motion. We ought to ensure that members of the public who come forward are heard. They all have valuable information for this committee, whether it be through amendments or whether, in fact, the Minister of Finance (Mr. Selinger) maybe will even agree to throw the bill out, for all we know, as a result of the questions and answers that are given to Mr. Martel. I think it's important that we hear the public and that we don't exclude anyone from presenting or giving a reasonable length of presentation, particularly given Mr. Martel's municipal experience, public experience, as a municipal councillor.

So, with that, Mr. Chair, I see you're back. Obviously, I'll wait to hear for your ruling, but I would hope that we would have a vote and we would allow Mr. Martel to continue.

Mr. Chairperson: It's actually a motion, so it's up to the committee, not up to the ruling of the Chair.

Are you ready for the question? The question is, it has been moved by Mr. Hawranik that the committee allow Mr. Martel to continue to answer questions from the committee for a further 20 minutes.

Voice Vote

Mr. Chairperson: All those in favour of the motion, say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, say nay.

Some Honourable Members: Nay.

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

Formal Vote

Mr. Borotsik: Recorded vote, please, Mr. Chair.

Mr. Chairperson: A recorded vote has been requested.

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

Mr. Chairperson: The motion is defeated.

* * *

Mr. Chairperson: We'll go on to the next-

Mr. Borotsik: Mr. Chair, just for clarification of process, if you would, please, I know we left this sort of up in the air at noon today as to whether you were going to call all of the out-of-towners again or go back to the in-town presenters.

Now, in saying that, we have identified two individuals who have come from out of town, who have travelled a long distance, and I wonder if we could do two things: One is, have those two out-of-town presenters make their presentation and then, at that time, decide processing and go back to the in-town presenters, as opposed to knocking off the other out-of-town presenters that you've already called once, Mr. Chair. So I know the committee can decide as to what the process is, but I wonder if there would be leave of the committee to call the identified two out-of-town presenters at the present time and let them make presentation so that they can get home in a reasonable time.

Mr. Chairperson: My understanding is that there was previous agreement to hear the newly registered out-of-town presenters and then proceed with the out-of-town presenters that were already called once. Is that agreed?

Mr. Borotsik: No. Mr. Chair. You're saying we then go back to the out-of-towners. I thought, as they did in the other committee, when the out-of-towners had been called once and dropped to the bottom of the list, they then went and we did go to the in-town presenters at that time. We would call the in-town presenters and then go through the list again until we got to the out-of-town presenters who had already been called. If they get called again and, obviously, aren't here, then they get dropped completely from the presenters' list. That's what they have done in the other committee, and I had assumed that we would be doing the same thing here. There are a number of in-town presenters that are here presently at the

beginning of the list who would like to make presentation.

Mr. Chairperson: I don't hear any further contributions to this discussion.

Mr. McFadyen: I think that the intent is to facilitate those who are present and in person to make presentations, and the normal procedure would be to call presenters in the order that they appear on the list. We changed that in order to accommodate out-of-town presenters when they're present at committee to allow them to make their presentation and then be able to leave committee in order to get home at a reasonable hour and drive safely on the highways of the province to get home after presentation.

I think the intent of all of this is to call those who are present with special accommodation for those who are out of town. I think what the Member for Brandon West is asking for is that those out-of-town presenters who are currently present and available to present should be called first and then we should go through the normal procedure of going in order through the list with the opportunity to present going to those who are here in person.

Ms. McGifford: Well, I believe we had agreed to something slightly different, but we're very co-operative people, so what we think we should do is hear the out-of-town person who has registered, at the request of Rick Borotsik, and then—Mr. Rick Borotsik, and then we could perhaps hear the folks who are here in the order in which their names appear on our list.

Mr. Chairperson: I think we have agreement. Thank you very much, ladies and gentlemen, for being so co-operative.

Mr. Borotsik, did you have somebody in particular that you thought was here.

Mr. Borotsik: There are two out-of-town presenters and, in order, they would be Mr. Jack Penner and Mr. Dave Henderson. Nos. 63 and 66.

Mr. Chairperson: Is Mr. Jack Penner in the room?

Mr. Jack Penner. Welcome back. Do you have a written presentation?

Mr. Jack Penner (Private Citizen): No, I do not.

Mr. Chairperson: Please proceed.

* (20:40)

Mr. Penner: This is the second time in less than a week that I appear before committee. The previous

one, we dealt with Bill 37, which I find a very interesting piece of legislation. I guess I called it bundling, in committee, of legislation. I think we've seen or heard bundling before during elections campaigns when the NDP were famous for allowing the unions to bundle election funds, and in that way, support their campaign.

I think this balanced budget legislation, Bill 38, somewhat reflects that same mentality. I find it extremely interesting that a government, a current government, especially in this day and age, will attempt to try and present themselves as fiscally responsible, yet we have seen over the past seven years a constant overdraft of revenues, and when you look at the financial statements over the last seven years of this government, it's very apparent that debt has gone up very dramatically, the overall debt of the province.

I would suggest that this so-called Balanced Budget, Fiscal Management and Taxpayer Accountability Act is drafted in such a way that it will legitimize the overexpenditures that obviously government is contemplating in the future. Otherwise, I would suspect that the legislation that was put in place by the previous Conservative administration would have been sufficient for this government as well.

We believe that the balanced budget legislation that was drafted and put in place by that government was a piece of legislation that clearly would identify revenues, expenditures, and overdrafts on revenues would clearly be indicated as creating a non-balanced situation.

This legislation, when I read the legislation, certainly draws into question the intent of this administration to follow those rules. I believe that it is unfortunate that those of you that sit on the government side indeed believe that you can constantly go ahead and spend more money than you take in, that it is something that government simply should be allowed to do.

If we, in the business community—if I would run my business that way on a continuous basis, the banker would come down and knock on my doors and say, Jack, it's time we had a talk. I think the talk would go somewhat like this: If you can manage your affairs in such a way that when you come to me for money to operate, that you can operate in such a way that at the end of the year you can cover your debts and run your business in such a way that you can afford to be in business next year.

When government contemplates increased expenditures, not only do they have the opportunity, they have the responsibility to tell the people that they're going to increase spending, whether it's building hydro dams or bipole lines or any of those kinds of things, or the daily operational expenditures have increased because of. I think it's the responsibility of government to be straightforward with the taxpayers and say, your taxes are going to have to go up to cover those expenses in a given year.

That's only fair, because, otherwise, what you do by doing what this administration has done over the last seven years, you're causing debt to grow and grow and grow, and our children and our grandchildren are the ones that are going to be saddled with that debt. They're going to have to dip into their pockets and pay the bill.

Why would you, as responsible legislators, want to subject your expenditures on the backs of your families and their grandchildren? It's simply not acceptable, and it's incomprehensible as far as I'm concerned. Why would any government, be it municipal or provincial or federal, want to even be allowed to take that avenue? Why would you not be prepared to face the electorate and say, sorry, our expenditures have increased. We are going to increase your taxes, and we are going to do it this year, not 20 years from now when the debenture comes due.

It's great to see the Finance Minister at the table today, and it would be great to see the Premier (Mr. Doer) as he was in Bill 37 at the table because I think this legislation, in my view, is more important than any of the legislation that I have seen put before the people. I know that Bill 17 is going to, at some point in time, come before committee as well. Bill 17 is going to have a profound effect on those areas of the province that are subject to the rules and the laws of 17.

We have seldom ever seen a government, be it federal or provincial, take the latitude and single out an area within its jurisdiction and say, no expansion, no growth. As soon as you announce no growth you cause revenue decline and bankruptcies, and that's exactly what's happening already in that area. You as legislators, especially you as ministers on the government side, need to think long and hard about what you're doing because the impact of what you've caused by dealing in that manner with an industry simply because of your political desires to prove to

urban Manitoba that you are going to clean up the water. Well, I'll tell you this, that the water you want to clean up is not going to get cleaned up, because these farmers, instead of using the most natural fertility product that you can buy anywhere, and the organic growers use manure as the only fertility product that they can, they cannot use commercial products, manufactured products, but they can use the most natural fertility product—

Mr. Chairperson: Excuse me, Mr. Penner. Sorry to interrupt you. You have about one minute left.

Mr. Penner: In conclusion, I think the Bill 17, Bill 37 and Bill 38 are going to have a marked effect on government, they are going to have a marked effect on the economy, and I would ask this group of people sitting here on the government side to go back to your caucuses and your Cabinet and think long and hard about what you've done to Manitobans and this balanced budget fiscal management plan that you're presenting to the people now is simply not acceptable to the people of Manitoba.

Many are shocked at what they've seen over the last number of weeks as proposed legislation. We will be here time and time again to try and point you in the right direction. It was a gut-wrenching experience to put in place balanced budget legislation and to stick by it. I believe it is your responsibility to demonstrate to the people of Manitoba that you as a socialist government can do it as well.

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

* (20:50)

Mr. Borotsik: Thank you, Mr. Penner. I wish we had more time to hear some of your words of wisdom as a previous minister of the Crown certainly, and living through that experience. It would be nice if we could have some more time, but we've already attempted that and it's not worked.

Two very quick questions. When you were the minister of the Crown through your years in government, was there ever any reduction or plateauing of equalization payments that came from the federal government to the provincial government?

Mr. Penner: Mr. Chairman, I think it's a well-known fact that probably, for the first time in history during the '90s, federal governments had a very significant turndown of revenues, and that, of course, reflected

what the revenues to the provinces were, especially those that were on the negative side of the equalization payment. We had, I believe it was somewhere in the order of \$200 million a year that the revenues decreased from the federal government. We find it somewhat astounding, quite frankly, that when we see the huge amounts of money that is flowing to the Province of Manitoba out of the federal Treasury, that this government is now talking about changing and doing away with, really, the balanced budget legislation, as Bill 38 indicates.

Mr. Borotsik: Maybe we can keep our questions short and our answers shorter, because there are other people that want to ask questions.

I have one last question. You were the Minister of Rural Development at the time. Were you asked, as the minister at that time, to find efficiencies within your department to try to reduce your expenses so that you could balance that budget so that you could come within your spending limits that you had with revenues that were coming in?

Mr. Penner: The short answer is yes.

Mr. Peter Dyck (Pembina): Thank you for your presentation, Mr. Penner.

You indicated in your presentation that you were a businessman, and I know that you are and have a very successful one over the many years. But the comment that I know you have made, and we've often talked about, is the fact that some of the worst decisions are made during the best of times. We know that, as a province, we've had increased revenues over the years. Do you think that this could affect some of the complacency that possibly government has fallen into at this point?

Mr. Penner: Mr. Chair, if we ran our business the way government is attempting to run the governmental affairs, then I suspect that there wouldn't be very many businesses that would have longevity. Normally in good times we try and pay down our debts that we've incurred during bad times, and there are times when we as businesspeople must borrow money and governments do borrow money. During the fiscal year governments' revenues don't always match from month-to-month the expenditures. We understand that, so does business. However, it is very clear that at the end of the day when you have good times, you ensure that those debts that you've incurred are whittled down to the

lowest common denominator, because the good times will not always be as they are today.

Mr. Cliff Graydon (Emerson): Thank you, Mr. Chair, and I'll remember that you didn't remember my name.

Mr. Penner, thank you very much for your presentation tonight.

One of the things that troubles me with this legislation is the ability to access the funds, if I understood the legislation right, to access the funds of the Crown corporation. You, as a previous member, would you or your previous government have done something like this?

Mr. Penner: To the best of my knowledge, Crown corp revenues were never used as a means of attempting to use those profits to pay down or to pay for services other than what those services incurred by either Autopac or Hydro or, at that time, telephone system. I think that's a well-known fact. I find it very interesting that this legislation, and I should have spoken to it, is drafted in such a way that it would allow the government to, in fact, calculate the revenues, if they were in positive or negative, and account for them the way they're going to be accounted for under this legislation. I find that very interesting.

Mr. Chairperson: Thank you, Mr. Penner. Our time has more than expired.

I'd like to call the next out-of-town presenter, Mr. Dave Henderson, private citizen. Dave Henderson.

Mr. Graydon: Mr. Chairperson, because of the distance that Mr. Penner has travelled and because of the wealth of knowledge that he possesses, I would ask leave of the committee tonight if we would have additional time to try and use that wealth of knowledge to the best advantage to everyone here tonight, including the minister and the honourable members opposite.

Mr. Chairperson: Is there leave of the committee to extend more time to Mr. Penner?

Some Honourable Members: No.

Mr. Chairperson: Leave has been denied.

Mr. Henderson, please come to the podium.

Mr. McFadyen: Mr. Chairperson, if we put a caveat on the leave and asked for another five minutes, I

wonder if that might be acceptable to the committee so it's not an open-ended leave that we're asking for.

Mr. Chairperson: There's been a new request for leave with a time limit of five minutes. Is there leave to recall Mr. Penner with a time limit of five minutes?

Some Honourable Members: No.

Mr. Chairperson: There is no leave. Leave has been denied.

Mr. Henderson, do you have a written submission?

Mr. Dave Henderson (Private Citizen): No.

Mr. Chairperson: That's fine. Please proceed.

Mr. Henderson: Good evening, ladies and gentlemen, Mr. Chair.

First of all, I'd like to thank you for allowing me the opportunity to be here today. Although our government did not feel it was necessary to involve or even enlighten regular taxpayers in this major decision that will change the face of Manitoba's financial accountability, I'm very glad to be afforded these 10 minutes to speak my mind about this troubling piece of legislation.

The government did make a fairly big spectacle about how they travelled around the province, the whole budget consultation meetings, but failed to mention this one little detail—that they would completely gut balanced budget legislation, so that they can intentionally run deficits.

I'll just backtrack a little bit and tell you a little bit about myself. I'm not a great speaker but I'm a general manager of a local co-operative in the small community of Elm Creek, outside the city of Winnipeg. Most of you probably don't know where that is. Been happily married for the past 25 years and I've raised my children the best I could. I've instilled with them their duties, as citizens, to pay their taxes and to be honest. I now have a granddaughter and I would like her to, at least, have a better society and better living conditions than what we have today.

One of the things I truly believe in is that everyone should pay their own bills and not leave them up to someone else. This includes taxes. Why should we be leaving our debt to our children and our grandchildren?

I think that we should not only have balanced budget legislation, but there should be further punishment for officials who waste taxpayer dollars, like termination, and in extreme cases, jail.

I agree there are times of disaster when we may need to dig a little deeper, but these are not those times. In my experience, a person with no credit limit gets into financial trouble a lot faster than a person with limitations.

The government as a whole has this problem. They believe that they can continue to spend without any regard for who actually pays the bill. Politicians, government agencies and committees must remember that this is not their money to spend, but it is put into trust by each individual taxpayer. For this, we expect results, not waste.

We'll talk a little bit about Gary Doer's balanced budget legislation. He's bragged every year how his government has balanced the budget. In order to do so, he has had federal transfer payments; he has raided Crown corporations in Manitoba for their surpluses. I don't think this was the spirit of balanced budget legislation.

* (21:00)

I believe that, if Mr. Doer and his team cannot manage the Province's financial matters properly, they should step down, not just introduce new legislation so that they can increase the debt to our children and our grandchildren.

Families in 1995 wanted transparency and fiscal accountability. That's why Premier Gary Filmon introduced it. So why is Gary Doer killing it? Based on Bill 38, that's exactly what he is doing. On the one hand, Doer says he knows people want to know exactly where they stand when it comes to their finances, but on the other hand, he's introducing a piece of legislation that's nothing more than smoke and mirrors and that allows his NDP government to run deficits unbeknownst to Manitobans, and it's just plain wrong.

In 1995, he also called the balanced budget a Trojan horse. He said, when we look inside of this so-called gift to Manitobans, we see treachery, we see dishonesty and we see deceit, and we are, quite frankly, worried about it and quite disappointed at the government in the way it has been introduced.

My question is: If this is how Mr. Doer felt in 1995, why did he then turn around and throw his

support behind balanced budget legislation in the 1999 election campaign? Was it because he saw the writing on the wall, that he saw that the people of Manitoba liked the fact that their government was committed to financial accountability and transparency? Mr. Doer was wrong when he called it a Trojan horse and he knows it.

Bill 38 essentially guts 1995 balanced budget legislation. Most importantly, it removes the Province's requirement to balance its operating budget year in and year out. It, instead, only requires to balance the books every four years and allows them to use the profits of Crown corporations in the meantime to smooth over the deficits, giving the appearance that everything in this provincial vault is kosher when it's actually not.

The way I see it, the money will eventually have to come from somewhere. The NDP can cover their tracks for the interim, but at the end of the fourth year, they still have to pay the bills and they have to get the money from somewhere. If they don't have that money or if the federal transfer payments run out, where will it come from? Will the NDP raid Hydro for another special payment like they did in 2003, or will they just raise hydro rates and Autopac premiums, or will they just plain raise our taxes? No matter which way you look at it, taxpayers will be the ones footing the bill, that's for sure.

Now, the Finance Minister tries to say they're making the change to move towards GAAP. I understand and I agree GAAP is necessary. What I question is, if this was the intent, why does GAAP get nary a mention in this bill? The Finance Minister also says having two books is bad. If a business was to have kept two sets of books, how long would it be before the tax auditors came and prosecuted them? Does the government really keep two sets of books, one for the public and one for actual operations? This doesn't make any sense to me.

I wouldn't run my own personal finances this way, nor would you manage yours like this. So I ask why is it okay for government to do it? In my opinion, it is not okay.

Using Crown corporations like Manitoba Hydro to balance the books in appearance every year makes no sense. At the end of the day, the government will still have to pay for their deficits and for the debt we already have in Manitoba, more than \$21 billion to date. With debt like that, the Province has no business doing anything with our finances but

making them more open, more transparent and more honest to regular Manitobans.

In closing, I'd like to say that Bill 38 represents an important turning point in how the provincial government manages Manitoba taxpayers' money. Federal transfer payments have been especially good to this NDP government. We're now receiving \$2 billion more in handouts than when Gary Doer came into power in 1999. That's 37 percent of our budget. With storm clouds gathering on the economic horizon and the U.S. nearly in recession, the prospect of going back to the days of operating deficits is very real indeed.

It appears to be that the only reason the NDP is proposing this legislation is to help them hide their financial ineptitude, plain and simple.

Thank you very much for your time, and I hope your decision reflects what's best for Manitoba taxpayers, our children and our grandchildren and not just special interest groups or politicians wanting to look good for their constituents. Thank you.

Mr. Chairperson: Thank you for your presentation.

Mr. Borotsik: Mr. Henderson, thank you very much for that very well thought out, very well analyzed understanding of Bill 38, and you're bang on, by the way.

There were a couple of comments that you had made. One which I found very intriguing was when there's no credit limit is when you have a tendency of getting into trouble. Certainly, I have some experience at the national level with a corporation that did just that when rates went up, and we have now in Manitoba and Canada the lowest rates that we ever had. We had a former minister here, Mr. Manness, who basically said the same thing. He said, you know, banks are out there and other institutions are out there trying to lend money in the good times and certainly Manitoba has the opportunity of taking those funds, but in your own personal business experience, when is it that you get into trouble when credit limit is no problem?

Mr. Henderson: It's usually in the good times. Like most people, they think they can keep buying and buying and buying, and it just doesn't work that way. That's what actually ends up making it the bad times.

Mr. Borotsik: One other question. I assume you're a businessman. I don't know you. I haven't met you before, but I assume you're a businessman. Basically, what this legislation does is—as you had identified,

it's a summary budget where they bring all the Crown corporations in onto one balance sheet, and on the operating side you can basically spend as much as you want, and as long as the Crown corporations still have a positive surplus or retain earnings, then it looks pretty good.

If you owned three businesses, and two of them were losing money, the other one was making enough money to be able to balance off to a zero, how would you react to that? Would you just keep on going the way you were going or would you try to find some efficiencies in the two businesses that you were losing money on?

Mr. Henderson: I'd probably end up closing the two businesses and keep operating the one that was doing efficiently.

Mr. Graydon: My question would be with the Crown corporations. The ability to take money from the Crown corporations and then have to replace that, we've heard Mr. Doer say many, many times that I'm holding the line on taxes, I'm holding the line on taxation. Would you classify raising the rates for MPI or for Hydro as additional taxation?

Mr. Henderson: Well, Autopac is owned by the government, and any increase to Autopac would actually be a result of taxation, as well as any increase to Manitoba Hydro, WCB, any government corporation.

Mr. Graydon: The ability in, say, Hydro, not just raising the rates that you and I would see, but the ability to change some of the protocol for delivering services such as changing what it costs to do hookups, those the public doesn't see unless you're the one that's getting that. Would you classify that also as a form of taxation?

Mr. Henderson: Well, any increase to any form of that would be a form of taxation unless it was natural inflation.

Mr. Dyck: Thank you, Mr. Henderson, for your presentation, always appreciated in the context such as we had tonight here when people refer to their own homes or their own household, the management of their resources there, and also to the business, and I know that you have done that here tonight.

I guess, in the course of that, in your discussion, you also referenced the fact that you felt that the economy within the province was possibly, you know, going for a dive or not going to be as buoyant as it has been. That would be a better term to use. I

was just wondering if you could expand on that point as you see things unfolding.

* (21:10)

Mr. Henderson: Well, with the slowdown in the U.S. economy, naturally it's going to affect us at some point in time. We live out in the rural areas, so we maybe see it faster, probably a lot faster than the city people do because basically it's not affected until we're affected. So we have a lot of manufacturing down around our area, like Winkler and Morden and stuff like that. We're not that far from them. We're about the same distance from them as we are from Winnipeg, and to me everything is slowing down in the country and I don't think anybody sees it.

We're starting to see it more on the financial side with the farmers. As I also do all of our—I'm actually our collection agent because I'm the general manager so I actually look after the accounts receivable, and I can see that farmers are getting in deeper and deeper, faster and faster.

Mr. Chairperson: Thank you for your presentation.

The next presenter is No. 1 on the list of in-town presenters, Mr. Peter Holle, President of Frontier Centre for Public Policy. Mr. Holle. Mr. Peter Holle. That name is dropped to the bottom of the list.

Next is Shaun McCaffrey. Mr. Shaun McCaffrey.

Mr. Shaun McCaffrey (Private Citizen): Thanks very much, Mr. Chairman. I appreciate the committee giving me this opportunity as a taxpaying citizen to come forward and spend a few minutes giving you my thoughts tonight on Bill 38.

I'm 47 years old. I've lived in Winnipeg my entire life. I love my city. I love my province. I now have young adult children between the ages of 18 and 26, and they're at that age when they have to decide whether it's worth their while to stay in our province or whether, because of primarily economic reasons, they feel the need to leave. My preference, of course, is for them to stay.

When I was growing up and coming of age in the 1970s and '80s, we look back to those times now as the bad old days, fiscally speaking. Governments of different political stripes were routinely running deficits, spending recklessly, and in fact mortgaging our future, but according to the Keynesian orthodoxy of the time they said, well, there's not really any problem because, I mean, you just owe this money to yourself. But some of us started to question that and

wonder if that was in fact really true because, frankly, in terms of common-sense reasoning, it didn't make sense. We all knew that when it came to our own individual and family expenses, we had to balance our books; otherwise, there was a price to be paid and that price would be paid by us.

I'm a schoolteacher. I teach in the constituency of Fort Garry, and so like many other middle-class Manitobans, we feel that we would ultimately bear the brunt of this bill should it become law and sincerely hope it won't.

To respond to that fiscal situation of the 1970s and '80s, fortunately the tide was turning in the early 1990s out of necessity, and different political parties at different levels were recognizing that, in fact, we had to do things differently financially. I think that that was really symbolized in a very acute way, a market way by the Filmon government's 1995 balanced budget legislation that realized that, for the sake of our future and for the sake of getting our fiscal house in order, we had to begin to behave and act as a government as if we actually believed that.

So Bill 38 would repeal this balanced budget legislation of 1995, which was really a landmark bill designed to permanently establish clarity and fiscal integrity on the provincial government. I really feel, committee members, that it's a manipulation of government responsibility under the guise of implementing GAAP which really, as we all know, do not preclude maintaining operating budget surpluses but are consistent with the principles of the 1995 act, but yet that's one of the reasons rationale is given to accord with that.

This bill is really designed and will have the effect of diverting attention away from provincial government financial mismanagement by incorporating this quadrennial summary budget approach, and this at a time when Manitoba receives a record amount in transfer payments from Ottawa and currently spends more servicing its debt than any province west of Québec. These things really don't add up for me. I don't want Manitoba to resign itself to permanently being a have-not province. I think that this bill would send that kind of message, and it would be a reversal of the kind of reforms of the 1990s that have benefited all of us and people of different political stripes have supported up to this point.

In effect, Bill 38, as I see it, will place an increased financial burden on Manitoba ratepayers who continue to finance Manitoba Hydro, MPI and

the universities. So, in effect, the provincial government will be allowed to formally and officially, with sanction, cherry-pick certain profitable areas and incorporate them then into this summary budget approach, therefore, masking what quite likely will be the annual operating deficits.

We already know, we've talked about other speakers who have come forward and mentioned the raids on our Crown corporations. Surely, this will accelerate. This has already been demonstrated by the provincial government's own figures which forecast roughly a \$300-million drop in revenue from Crown corporations, fiscal year 2009. So, clearly, accountability and transparency will be severely diminished under this bill.

Now, again, in terms of the accountability aspect, we all know our basic political history, and we know also that political parties of both the left and the right, such as the CCF and the Reform Party, have stood for these basic principles of fiscal integrity and accountability which are going to be reversed by Bill 38. So the bill, as I see it in real terms, is going to encourage governments to run these annual operating deficits, knowing that they have four years to offset this by reporting on summary budgets.

So, all in all, I see Bill 38, committee members, as a major step backward for the fiscal integrity and political accountability. Getting back to my opening point about the future, if this becomes law, I think it's going to be even more difficult to retain our best and brightest young people. It's going to be even more difficult to attract the kind of risk taker and entrepreneurial types who want to invest in this province and who have the same dream that I do, that one day we can actually be and should be—because we're loaded with resources, we're loaded with talented people—a have province again.

So I think this is the wrong way to go. I would respectfully ask the committee to reconsider that. I thank you for your time tonight.

Mr. Dyck: Thank you, Mr. McCaffrey, for your presentation and, again, well thought out. I did appreciate the way you drew your family in and the fact that you were concerned about the direction they would take as a result of the atmosphere, the climate, the tax regime that we have within this province.

You're absolutely right. I have a family, as well, that is looking and, in fact, are employed within the province. So I share that same concern with you.

I guess my concern and my question, rather, to you would be one of globalization. I think you referred to this as well. As our young people are looking at opportunities, they're not looking only within this province, they are looking at wherever they can get the best job for what they are qualified to get.

I was just wondering if you could expand on that premise just a little, please.

Mr. McCaffrey: Well, I think again that the young people want the same thing as we all want and that is a prosperous future and a safe and secure one. If they increasingly see signs that in this province this is more difficult to attain, they're going to be looking for greener pastures, and understandably so. It becomes difficult to retain them and we'll all be the poorer, as Manitobans, if we continue to lose them, as I see it.

Mr. Hawranik: Yes, Mr. McCaffrey, thank you very much for your presentation here this evening.

I note that you'd mentioned that you were a teacher and you're obviously concerned about the youth and, in fact, the effect on families that this could have within the province. Being a teacher, obviously, I know many teachers and probably including yourself would follow the activities of students who graduate from their schools to see what they're doing.

Can you indicate to the committee, over the last few years, where youth have been finding jobs and whether there has been an acceleration of youth leaving our province?

* (21:20)

Mr. McCaffrey: Well, I certainly see that as a fairly steady trend. I've been teaching for 17 years and in Fort Garry for the last 15. I think I can honestly say that, if not a majority, then very close to a majority of the thousands of students that I've taught during that time have found prosperous employment elsewhere outside of our province.

Mr. Hawranik: They found employment outside the province. In your opinion, what are youth looking for? What do we have to do within this province in order to retain our youth?

Floor Comment: Well, I think we have to try to—

Mr. Chairperson: Sorry. I need to recognize you first. My apologies.

Mr. McCaffrey: I think that what they have to do is be convinced that there are proper avenues for prosperity and security that exist and for ambitious people who want to succeed, and if they're sent signals that taxes are high and could get higher, that governments are falling back on failed fiscal approaches from the past, although this is another issue certainly, and I know it doesn't directly correspond with the matter at hand here, but, you know, if you've got a serious crime problem as well, all these things are going to be negatives in terms of trying to keep people in the province.

Mr. Hawranik: In terms of relating this directly to Bill 38, obviously, Bill 38 has a potential of allowing governments to run deficits and yet claim surpluses, do you see that as a major impediment to youth staying within our province?

Mr. McCaffrey: I think it sends the wrong message. I think it's part and parcel of a defeatist economic strategy or presentation which sends the message, in effect, that this is not a prosperous place. This is not a place that really wants to become prosperous or a government that wants to take that approach, do what's necessary to change those fundamentals to keep our young people here.

Mr. Chairperson: Mr. Faurschou, you have time for a short question.

Mr. Faurschou: Obviously, you've studied the bill fairly extensively. What would be your long-term suggestion as to what might we do with this bill? Do you see amendments that need to be done or just the bill perhaps should be set aside and currently live with existing legislation?

Mr. McCaffrey: Well, I recognize the reality that the government has a large majority and ultimately will be able to do what it wants with this bill, but I am also hoping that the government is taking seriously the people who did give it a third mandate last year and is hearing from, I think, the hundreds of thousands of people who do have serious concerns with this bill. My preference would be to withdraw it altogether.

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

The next presenter is Don Watt. Calling Don Watt. Don Watt's name is dropped to the bottom of the list.

Mr. Trevor Strome. Trevor Strome. Do you have a written presentation?

Mr. Trevor Strome (Private Citizen): I do not.

Mr. Chairperson: That's fine. Please proceed.

Mr. Strome: Mr. Chair, committee members, my name is Trevor Strome, and I'm speaking to you today as a private citizen. I thank you for the opportunity to voice my opinion about Bill 38, which I am very strongly against.

Bill 38 would be very detrimental to the progress Manitoba, as a province, has recently made. As a province, I would like to think that we are progressively moving forward and Bill 38 would be a giant step in the wrong direction. I work very hard to support my family. As a full-time employee and entrepreneur, I have to earn my money, pay my bills, pay my taxes, and live within my means. That means, every month, I need to ensure that I earn slightly more than I spend so that I can come out ahead and secure a future for my one-year-old daughter, Isabella.

Now, I'm pretty sure where most of my money goes, and I know pretty much what I get for what I'm spending. When I pay the power company, my lights stay on. When I pay my Internet provider, I can read my e-mail. When I pay my taxes, well, I think we all have a friend or family member who can't quite seem to make ends meet. He's got a nice house, a decent job, and maybe even a new Hydro building, built to the highest LEED standards nonetheless, or floodway expansion in his back yard. But he always seems to need to borrow a few bucks and always seems to forget his wallet when it comes time to pay for lunch. But then he goes and blows a hundred and fifty bucks on poker night, or \$1.5 billion to build a hydro line the long way around the lake. You might stop buying him lunch after a while. I hope this does not represent Canada or Manitoba in the buddies of the provinces.

As you know, the current balanced budget legislation has been in place since 1995, and by all accounts the province has been doing pretty well with the current legislation. Even though our budget surpluses have been modest, attributable to generous transfer payments, a government that lives within its means is able to build for the future. Every penny added to our debt through deficit financing steals from our provinces and from our children's future. At some point we need to pay off our debt, most probably through cutting services and raising taxes. This is that vicious spend-debt tax cycle that makes Manitoba unattractive to the businesses and industries most relevant to today's information-based

and high-tech economy. Why would any cutting-edge business want to move to or invest in Manitoba when the Finance Department borrows their playbook from the dark ages?

The current bill will not require the province to balance its operating budget and will require a balanced summary budget every four years. Who does the government think they can fool by running an operating deficit for three years, then, surprise, show a balanced summary budget on the fourth year? This balance would occur by raiding the coffers of the Crown corporations, profits that desperately need to be turned around by those corporations to help them grow and compete on the world stage. That would sort of be like me racking up personal debt for three years, then on the fourth year taking from my RRSP to balance things out. Sounds a bit like robbing from the future to pay for today's poor decisions. My daughter would not be very happy with me if I did that. How about the youth of this province? Maybe there's a reason why they're leaving Manitoba for Alberta and now Saskatchewan.

Now I've heard the argument that just because the government won't be required by law to balance its operating budget doesn't mean that it won't except in cases of fiscal emergency or when the government has to run a deficit for a short period of time. Well, if I wasn't required to pay my taxes, I probably still would, every four years, except in dire circumstances.

Manitoba is not a province blessed with extreme boom times, but it also does not suffer from the enormous busts that most often follow. It has been said that slow and steady wins the race, but that slow and steady needs to be progressive, forward-thinking and headed in the right direction. Slow and steady means careful management of the resources we are blessed with and making our province attractive to businesses of the future and the people who will build and work for those businesses.

Unless, as a province, we are able to make a covenant with ourselves to live within our means right now, our future doesn't stand a chance. We are now faced with a choice: to enact Bill 38, eliminate fiscal responsibility, and fail to build for tomorrow. I believe we should relegate Bill 38 back to 1994 where it belongs and face the future with pride, conviction, purpose and, most importantly, an unshakeable foundation. Thank you.

Mr. Chairperson: Thank you for your presentation.

Questions?

* (21:30)

Mr. Faurschou: Thank you very much. I do appreciate your presentation, and obviously you've taken some of your family time in order to study the bill and have also been very patient here tonight, which we very much appreciate as well.

The bill which you've studied, obviously you've done it extensively. Are there modifications or very specific suggestions as what might the committee consider doing with the bill?

Mr. Strome: I'm not an economist; I don't claim to be one. I have read the bill and I believe that, as a whole, the bill is bad for Manitoba and bad for our future. My recommendation would be to start from scratch.

Mr. Faurschou: I appreciate your observations because we, at the committee, have been hearing that on a lot of occasions through the course of the many presenters that have come forward with the bill.

Your motivation to coming down here tonight—what spurred on some of the study into the bill? What caused you to take note of Bill 38?

Mr. Strome: Well, to be perfectly honest, I moved my family here from Alberta almost four years ago. My wife is a born and raised Manitoban and, like all good Manitobans, wanted to come back home and raise our family.

Coming from Alberta, I have a bit of a different fiscal perspective on things. My personal opinion is that Alberta could run itself with a bunch of monkeys in the Legislature with the money that's flowing out of the ground. Obviously, we need a bit more responsibility as we do our financing.

Any bill which would give the government carte blanche to run a deficit, to me, does not sound any bit logical.

Mr. Faurschou: In coming from Alberta, you probably also were greeted with—dependent upon what time of the year you made the move—an adjustment billing from our Finance Department. Have you made note of the different levels of taxation afforded Manitobans versus Albertans?

Mr. Strome: I do remember remarking to one of my friends back home in Edmonton how much we paid for our taxes. He asked us how many karats' worth of gold our roads were built out of.

Mr. Borotsik: Thank you for your very well appreciated, well received presentation, Mr. Strome. I'm sure Mr. Stelmach would appreciate the fact that his government could be run by a bunch of monkeys. I don't think we'll pass that particular *Hansard* on to him.

Welcome back—no, welcome to Manitoba. I know your wife is welcomed back.

We hear quite frequently that it's not really the level of taxation that's the issue here; it's the cost of living that's so important and it's so good for us.

You were in Alberta; you obviously had car insurance. Was your car insurance in Alberta comparable to the car insurance here in Manitoba? If it was more, tell me. If it was less, tell me, please.

Mr. Strome: I think both our cars back home probably amounted to what we pay for one vehicle here.

Mr. Borotsik: Could you repeat that, please?

Mr. Strome: I believe both our vehicles back home would equal one payment here.

Mr. Borotsik: You have, obviously, an excellent driving record. We're told that we have the cheapest car insurance anywhere, probably in the world, is the way the Finance Minister talks about it.

As I understand you, you're saying that you were able to, at that time, through—I won't say negotiations—but certainly by going out and comparing different rates with different corporations, you were able to achieve a substantial difference in your car insurance in Alberta than you were here in Manitoba.

I do appreciate that very candid comment. I didn't know the answer. There's a terrible thing in politics; you're not supposed to ask the question unless you know the answer, but I do appreciate your answer. So the cost of living, perhaps in that particular area, was substantially less than what it is here in Manitoba.

I really appreciated your comments with respect to your children and the fact that there's a possibility Manitoba could, in fact, leave them a legacy of debt and debt payments in the future.

If everything happened like that—and I don't want to put words in your mouth and I know your wife is from Manitoba and that's a very strong magnet, by the way. I appreciate that, because I have the same magnet. Would you, I suppose, in the future ever

consider moving out of the province and back into Alberta at some point in time in your life?

Mr. Chairperson: Mr. Strome, there's time for a short answer.

Mr. Strome: That's a tough question. I believe that if Manitoba were to follow a prudent path, one of fiscal responsibility, one that is friendly toward business, friendly to entrepreneurs as myself and one which was progressive, I would not want to go back.

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

The next name on the list is Jack McLaughlin. Mr. McLaughlin. That name is dropped to the bottom of the list.

Chantel Henderson. Chantel Henderson. Do you have a written brief?

Ms. Chantel Henderson (Private Citizen): Yes, I do.

Mr. Chairperson: The Clerk or page will distribute it. Please proceed when you are ready.

Ms. Henderson: Good evening, ladies and gentlemen. First I'd like to say is how much I love my Manitoba. I've lived here all 26 years of my life on this planet, here of all places in the world in Manitoba. I'm what you'd call dedicated, devoted and proud.

I understand you guys have a job to do and you're trying your best but lately that ain't good enough. Your job is being paid for by Manitobans, the taxpayers like me, and now it's my turn to have my say. First I'd like to say is what a total waste of money, resources and public input that sent plenty of Manitobans' money down the drain on a wasted, stupid, nonsensical campaign called spirited Manitoba. Who exactly came up with this ridiculous idea anyways?

Now these same bureaucrats want to implement a law that will allow a deficit to be allowed every year based on a four-year average. To the average citizen like me, how the heck is that even possible? Why would a budget be based on previous budgets and then projected as our next yearly budget? Honestly, someone has dipped their hand in the cookie jar for far too long and has lost their marbles.

What I want to know about this new deficit law is what the downfalls are. I don't want to hear the positives because they are your positives that will put you in first place and everyone else last.

Why would you want to include MPI, Manitoba Hydro and other Crown corporations into the budget? From what I've been hearing it's just a ruse to cover any deficits that may be owing. What are the foreseeable future effects of this law? Less and less money to be spent on community initiatives, peoples' education, health care—and the list goes on.

How is it the government always has a solution for every problem though it might not be the right solution? They throw it at us anyways. Are you forgetting Manitobans are fighters? We will not sit down and take this barrage of bureaucratic BS.

It also seems to me the children of the future—yes, the children you drop off at school every day in your expensive cars—will learn to hate politics and people like you because they have to worry about paying their taxes first and foremost before they get a chance to spend it, which, by the way, only seems to be going one way and that is up. These children are our legacies. We all want what's best for them but do you want our children to come to the realization that you all contributed to a law that allows you to tax them and accumulate a debt that they have to pay off because a bunch of yahoos in office forgot to think about them.

Don't you want them to have the lifestyle that will enable them to attend college or university without worrying if they'll be able to afford decent living arrangements in a safe neighbourhood? I know I do. While I'm on this topic, what would it cost to bring welfare rates up so a person on disability or a senior citizen can find comfortable, safe accommodations to rent in a nice area? It seems to me like the rich only want their types to live in their neighbourhoods. What about the rest of us?

The only upside I can see from this bill is anticipating the costs regarding unexpected floods, drought or any other natural disasters such as the forest fires happening in northern Manitoba, but the clause here is, if a disaster happened within 30 days of the budget being tabled. My understanding, as the average citizen, is that it would allow the provincial government free rein on these expenses while everyone else looked away regarding these disasters while important documents are not being created, such as the budget.

* (21:40)

My further questions regarding this bill is, what will happen if the U.S. economy goes into a recession? Is this a backup bill to this possible

situation? What is this Province's position when that time comes? Why aren't we more self-sufficient to provide for our own? We have the know-how on practically everything they've been doing for years, so why haven't we made these ideas our own? We've got to learn from our neighbours to the south and come into our own. We can't be followers all our lives, can we? I thought Manitobans were leaders and innovators of this country. If this Bill 38 goes through, we'll just be proving that we can't stick to our guns, metaphorically speaking, of course.

Why hasn't Mr. Doer stuck to his promise that got him into office back in 1999? Such as, I quote: If we have the privilege of governing Manitoba after tomorrow, we will be completely accountable to these core commitments, Doer said of balanced budget legislation in an NDP news release dated September 20, 1999, the eve of his government taking office.

The way I see it, this bill will only make things more difficult for the average citizen to live in this city affordably. That sneaky hand in my pocket we'll call taxes, seems to be getting bigger and greedier. It has no consequences or a conscience. It'll take from anyone who has money in their pockets: the rich, the poor, the elderly, the young, the entrepreneur, the businessman, the businesswoman, the famous and unknown. Where will it stop? When the soil is contaminated and nothing will grow anymore? When there's no more trees to cut for homes? Or how about when the fresh water is depleted? What will we have then? Money? I don't know about you, but I know for a fact you can't eat money.

In conclusion, if this bill goes through, I know I won't be the only one to leave this province for greener pastures. Thank you for listening and for taking up your precious, valuable time.

Mr. Chairperson: Thank you, Ms. Henderson.

Mr. Borotsik: Thank you very much, Ms. Henderson, for a very refreshing presentation. I really do appreciate it, and, by the way, it's not our time that's valuable, it's your time that's valuable and we appreciate you spending some of that time here in this committee room. I mean that sincerely. Thank you so very much.

You had left us with a very stern message with respect to leaving the province to greener pastures. You're a very young woman with some friends, obviously, and peers of your age group. Have any of

your friends or compatriots, have they left the province of Manitoba?

Ms. Henderson: Well, personally, I know a couple friends that can take term positions and go to B.C. or Ontario for a certain amount of time to get so much more money, and they'll come back here. But because it's so, you know, affordable to live here right now, but from my understanding, no. They can't afford to live over there. They can only go there and travel for a little bit of time, make their money and then come back. So that's how I know it's, like, better.

Mr. Borotsik: But they do go out of the province for work?

Ms. Henderson: Yes.

Mr. Borotsik: Obviously, the work there is more accessible and, I assume, they make more money out of the province.

Ms. Henderson: What was the question again?

Mr. Borotsik: It's just that I assume that they go out because the work is accessible. They can find it very easily and they make more money when they go out of the province, whether it be to other provinces, Alberta or Ontario.

Ms. Henderson: Yes, it's very affordable to go out of work when there, you know, are lot of shortages out there and people are wanted.

Mr. Borotsik: You had mentioned a number of issues here with respect to social programs, and social programs are so very important, obviously, in any province, in any government. The way you afford those is to raise revenue. One of the problems is, if you acquire more debt then it costs more money to service that debt. I guess in simple terms, if, in our lives, if we borrow too much money and it costs us too much money to service the debt, then we can't buy the things or provide the services that we have. This bill, in our estimation, will allow the government to in fact acquire more debt, to borrow more money and, in that case, have to spend more money in servicing that debt.

How do you feel about that? How do you feel about your tax dollars going to pay some bank or some place to borrow more money?

Ms. Henderson: In my eyes, every single day I see a single mother like myself being able to afford to keep a roof over my head, keep food in my child's stomach and be able to, you know, watch them play

in their neighbourhood safely. I would basically—I don't want to sound sexist or nothing, but why doesn't a woman go into office and clear up this budget because a woman can budget every single day for everything?

Mrs. Leanne Rowat (Minnedosa): Thank you for your presentation, Chantel. It was very heartfelt words that you shared with the committee.

I saw a theme. You spoke about the waste of money in different areas, and I know that you mentioned Spirited Manitoba or Spirited Energy as a waste of dollars. I agree with you on that point.

As a single mother, obviously, you would like this government to be more accountable for the dollars that they receive. Speaking against this bill, obviously you're looking at this government being more accountable for those dollars and to live within their means, as you as a single mother know more than any of us here what that means.

So I'm just asking for a comment on what I'm hearing from you today and what I've stated more or less, where you're looking for leadership from this government to be more accountable for the dollars that are being gathered by a taxpayer like yourself.

Ms. Henderson: Well, I would like it if there was some sort of absolute person that could just pick and choose people that have done their jobs so well for many years and just put them into office, and let's see what they can do with it.

Mr. Chairperson: Thank you for your presentation.

Oh, Mr. Borotsik, you have time for a quick question.

Mr. Borotsik: No, it wasn't a question.

Mr. Chairperson: Okay. Thank you very much, presenter.

Ms. Henderson: Thank you.

Mr. Borotsik: I wonder if I could ask leave of the committee. There is another gentleman here who is from the rural area. He's been waiting patiently and he's been in here. He's No. 70, Mr. James Cotton. I wonder if the committee would grant leave to have Mr. Cotton make presentation. He's a rural presenter.

Mr. Chairperson: Is there leave of the committee to hear presenter No. 70, Mr. James Cotton? [Agreed]

Hearing no objections, Mr. Cotton, please come forward. Do you have a written presentation?

Mr. James Cotton (Private Citizen): No, I do not.

Mr. Chairperson: Fine. Please proceed.

Mr. Cotton: Thank you, Mr. Chairperson, and I'd like to thank everyone for taking the time this evening to listen to me here. It's an honour to be here.

I'm from Dunnottar, Manitoba. I'm an entrepreneur. A few years ago, my wife and I made the decision to stay in Manitoba. We were seriously considering moving to another province and we decided to stick it out in Manitoba because this is our home, even though all my relatives and most of her relatives have moved to greener pastures.

When I looked at Bill 38 which is what I want to talk about this evening, I had some concerns. First of all, I really believe in being fiscally responsible and it alarms me that there's even talk about increasing our debt, things like that.

One of the things that bothers me is that what happens if MPI or Manitoba Hydro starts to lose money on a regular basis if we have some kind of a natural disaster or a drought or things like that. I don't know if that's been addressed or not. That kind of worries me.

I look at what Manitoba Hydro is doing right now and just from a businessperson's perspective, it's insane. I mean, the office tower that's being built is completely overpriced. Any company that would build an office tower could do it for much, much cheaper than it is, absolutely. I've looked into it, Mr. Minister.

Another thing is the west side hydro line and the east side line. If anyone does any sort of research, the best option is to go under Lake Winnipeg for the hydro line. It would save a lot of money in the long run, and it's a shame that the CEO of Manitoba Hydro has not done his research on that, because that is the best option. If you look anywhere in the world, in deep oceans they're putting hydro lines. I really hope Manitoba Hydro considers that for the future because I do intend to raise my family here, and I want to see a strong Manitoba for my grandchildren or my children and grandchildren.

* (21:50)

But, you know, as a businessperson, it's important that I balance my budget. I can't spend more money than I bring in and I expect the government to do the same. I pay an awful lot of

taxes, an enormous amount of taxes and I really feel I don't get what I pay for.

Madam Vice-Chairperson in the Chair

In fact, today is about the time of year where I stop working for the government and start working for myself. It's around the beginning of June, and it's pretty sad that I have to work six months of the year for the government and the rest of the year I get to keep the rest. So I'd really like to see a smaller government in this province, and I think this legislation would not—what's the word?—you know, encourage a smaller government in the long run.

You know, I think the government should be providing services such as our roads, our health care, education, and at the same time there are a lot of things that we're spending money on that I feel are not necessary. I think this province could do a much better job. You know, you look at justice, we have inmates in Headingley doing absolutely nothing. They could be earning money, paying their keep. We have people abusing hospitals. Tommy Douglas even believed in user fees, and I think there's nothing wrong with paying a fee to go to the doctor or anything like that. So I think we really need to look at some of that because our health care is out of control, costs are out of control, but the No. 1 thing, you know, I mean, if this goes through and our government starts getting into deeper and deeper debt, I may have to consider moving.

I don't want to move out of Manitoba. I built a really nice house in Dunnottar at the lake, and you know it'd be a real shame. The Premier (Mr. Doer) has talked about how hydro is the oil of Manitoba. Hydro is to us what oil is to Alberta and Saskatchewan, and the way Hydro's being managed right now I don't see it happening.

Hydro is in a major amount of debt. You know there is a lot of debt that Hydro has incurred, and our rates are personally way too low. I know Manitobans love their low hydro rates. For one, I think they should go up simply because it would encourage businesses like myself and homeowners to be way more energy efficient, so I believe that. Also with MPI, you know, I'd really like some competition for MPI. If MPI is so good, I would like to see a choice. I would like to see MPI prove themselves to me on why they are the best company that I can get car insurance with, because I've had some issues with them.

However, I think it's just absolutely wrong if we go—I'm not an economist. I've read the bill. I have concerns that we're going to go off the cliff. Times are really good right now. Federal transfers are coming in fast and furious from the federal government, but it's not going to last forever, and I think, as an earlier presenter said, we need to prepare ourselves right now. You know, in good times you save and you be responsible, and in bad times when you need to spend, you spend. I learned that from a very early age when I made a lot of money in a business, and I went on a spending spree, bought \$100,000 new vehicles, lived it up because I'm making all this money, and then, when the bad times came, I was in a lot of trouble. So I think our government really needs to buckle down right now and watch itself.

I'm not saying that the bill is—you know, I think there are some good intentions for the bill, but we really need to watch, I think, and I hope the minister really considers it. He knows more about economics than I do obviously, but I want a Manitoba that's strong and our future bright, and we really need to be fiscally responsible.

Manitoba, keeping young people here like myself, taxes are a big issue. I think somebody said earlier that taxes aren't a big thing. They are. They're huge for someone like myself and, no offence to the Leader of the Opposition (Mr. McFadyen), I mean, bringing back the Jets isn't going to keep people in Manitoba. Lower taxes are where it's at for me.

I can go to Alberta, rent an apartment and fly Westjet and actually save taxes if I claim I'm an Alberta resident. How ridiculous is that? So we really need to look at our taxes and reduce our taxes. That's my message for the Finance Minister, and if this bill goes through, I'm really concerned our taxes will increase and that's basically all I have to say this evening.

Mr. Borotsik: Thank you for your presentation, Mr. Cotton, and thank you for your patience waiting here this evening.

One of the clauses—I'm going to speak for the minister now—in this legislation is that, in fact, in order to raise your taxes, there would have to be a referendum. Raising the taxes, whether they'd be personal tax rates or whether they'd be retail sales tax rates, there has to be a referendum. But that really is a bit of smoke and mirrors too, because what happens is they don't have indexation on the tax rates

or the tax brackets. So they, in fact, do go up as inflation goes up.

You are going to pay more taxes, but it's just not going to be in a rate that they're going to raise. What they do and can do, obviously, is borrow more money and spend more money on interest payments.

Mr. Chairperson in the Chair

I was rather intrigued that you would even share with us that you got a little goofy at one time in your life when you made a lot of money and then decided that you could spend a lot of money. What you do, at that point, is that you have debt-servicing requirements that you never think are going to go away. You can always continue to make the money to pay for it. You learned a very valuable lesson. I see that this government will probably learn that same valuable lesson in the not-too-distant future, because their revenues are going to come down.

If you had one piece of advice, would it be to reduce the debt or reduce the spending?

Mr. Cotton: Reduce the debt or reduce the spending? You know that's a tough one. I really think they have to balance it, because you don't want to cut too many programs at the same time. You need to be paying down the debt; that's important.

One thing, you mentioned a referendum on tax increases. I noticed a lot of fee increases in Manitoba. For a guy who does a lot of speeding in his vehicle, that hurts the pocketbook pretty bad. In 1995, I remember getting tickets for \$35. I got one for \$271 or something like that the other day. It's just amazing how it's gone up. So things like that, yes.

Mr. Chairperson: Thank you, Mr. Cotton.

Mr. Borotsik: You also mentioned you are a small businessman, an entrepreneur. You balance your financials on an annual basis and, hopefully, there's a positive number at the end of that. That's always good.

Have you ever lost money in a fiscal year?

Mr. Cotton: Absolutely. I think, in every business, you fail more times than you come out ahead. A lot of times where you make decisions and the employees have to come first before I get paid and Workers Comp, I have to make the payments—there's a lot of risk in being a business owner.

A lot of people look at it and think I'm some gazillionaire, and it's sometimes not the case. I once owned a restaurant and the delivery drivers actually

made more than I did and I worked a lot more hours than they did, so there's some risk involved. Yes, I have lost money.

Mr. Chairperson: I've got Mr. Faurschou, Mrs. Rowat, and then, if there's time, we'll go back to Mr. Borotsik.

Mr. Faurschou: I appreciate your observations tonight. Looking at fresh and innovative ideas is important for the future of this province, without question.

Although you noted the transfer payments from Ottawa and doing fairly well—I know that was the terminology that you used—the bottom line is a reflection of us not doing all that well, because it's equalizations to bring us closer to what other provinces are being able to afford their residents, their citizens.

If you were here in the Legislature, what specific initiative would you be wanting to pursue to make this province a have province rather than a have-not province?

Mr. Cotton: Thank you for that question. The thing I would do, if I was in the Legislature, is I would drastically cut our income taxes and move the taxes onto consumption.

I really believe income taxes punish people for working. I think we need to be taxing people for their waste and their bad habits. I have no problem paying gasoline tax. I can go on the record—the minister can raise my gas price as much as he wants on taxes, as long as he cuts my income tax the same proportion.

* (22:00)

So that's the No. 1 thing, I think, Manitoba should do, cut income taxes, because we are really being hit hard and it's just not motivating to make money.

Mr. Chairperson: We have time for one quick question from Mrs. Rowat.

Mrs. Rowat: Thank you for presenting today, Mr. Cotton.

You talked about fees and talked about, obviously, consumption taxes. Can you give me your comments on the government's increases in the PST scope on different services. They've obviously expanded PST on a number of services across the board, and I just want to know, as a business owner, how that has affected your operation, and what you can share with the committee on that issue.

Mr. Chairperson: Mr. Cotton, for a quick reply.

Mr. Cotton: Sure, I will be very honest with you. I don't feel the PST increases have personally harmed me. What I would like to see is income tax reduced in the province. I think that is a No. 1 thing. If people are not being taxed so much on their income, there'll be more incentive to earn more. I have no problem with PST. I don't think I want to see it increase, and I disagreed with the federal government reducing GST. Especially as a business person, I just think it was wrong. I'd rather see my income tax cut.

Another thing I wanted to touch on is just the transfer payments. Ontario, I believe, is going to be going on transfer payments soon so that's something we really need to watch, and the federal government is spending out of control. They're spending worse than the previous government did which is really unfortunate. So I think that's going to be a major problem as well. They're not being fiscally conservative like they made out they were going to be.

Mr. Chairperson: Thank you, Mr. Cotton, we've gone over time.

The next name on the list to call is Jacqueline Stalker. Jacqueline Stalker. The name Jacqueline Stalker is dropped to the bottom of the list.

Doreen Bilodeau. Doreen Bilodeau. Doreen Bilodeau's name is dropped to the bottom of the list.

Brent Olynyk. Brent Olynyk. Brent Olynyk's name is dropped to the bottom of the list.

Jim Spencer. Mr. Spencer, do you have a written presentation?

Mr. Jim Spencer (Private Citizen): No.

Mr. Chairperson: That's fine. When you're ready.

Mr. Spencer: First of all, thank you for the opportunity to present. I wish I knew the score of the hockey game, but I guess I'll find that out later. *[interjection]*

Pittsburgh won?

So the previous speaker, or two speakers ago I guess, talked about being in Manitoba all their life. I'm 54 years old. I've been in Manitoba for 49 of those. Five of them was under the Allen Blakeney government in Saskatchewan, and if I recall, I think it was deficit-free for those five years I was there. So certainly that's my bias.

The other day I had the opportunity to speak on Bill 37 and came away with a conclusion and because certain aspects of the bill seemed to make no sense, that it was more likely about short-term political gain than strengthening our democratic system.

When I look at this proposed legislation, I'm tempted to come to the same conclusion because there are parts of that that simply don't seem to make any sense. It seems to me that it would be more intellectually honest if you simply scrapped the balanced budget legislation altogether rather than base it on the logic employed here.

As I understand it, the summary books may show they are in balance but, in actual fact, the government may have to borrow hundreds of millions of dollars to pay for actual department spending or, alternatively, make the Crown corporations pay for it.

Assuming there's a limit to how much can be taken from the Crown corporations, it has to be assumed that the money will come from financing more debt. This means the progress we have seen to date will stop as soon as this legislation comes into force. I could see some logic to this if there was a revenue crisis, but I understand that annual revenues are up almost \$4 billion, or 63 percent, since 1999.

Now, everyone agrees that the goal is to get closer to have-province status, not farther away from it. Increasing overall debt cannot be good for Manitobans and will surely result in more pain in the future. Imagine how much better things would be if Manitoba had that extra \$806 million to provide services rather than service debt.

I think that no better example exists of the danger of running huge deficits than our neighbours to the south. By all accounts, the previous U.S. administration had a solid economic record and was well-regarded for their financial acumen around the world. Along comes a new administration that has run incredibly high deficits and is now in huge economic trouble. Their attitude to government debt and to consumer housing debt seems to know no bounds; well, maybe it has some bounds now, but it didn't before, and they are now reaping the rewards of that in a relatively short amount of time.

Our own country, on the other hand, thanks to the surpluses of both the Liberal and Conservative national governments, is in the best shape I can ever remember. In the '90s, we were heading toward

basket-case status with the G-7, and now we are one of the world's brightest economic success stories.

So, resource growth aside, it appears the lesson here is that fiscally responsible policies are good for the economy and not the purview of any particular party. The opposite can also be true and it doesn't matter if it's Republicans in the U.S. or the NDP here in Canada. The consequences of running deficits year after year result in the same long-term negative effects.

So, on an individual basis, every household has to make the same decisions when it comes to spending or saving. If you overspend in the short run, then long-term wealth is impinged because of the amount of income that goes into interest and principal repayment. Some economists who argue that this logic doesn't apply to governments, but then every government that seems to fall off the fiscally responsible wagon ends up being punished by the same inevitable economic consequences. Today it seems more about regulating the overall money supply than deficit spending if you want to encourage economic growth. Either way, I would argue that this is the responsibility of the national government, certainly not the provincial.

I'm sure there are sound arguments for or against the four-year rolling averages, but I see two major problems with that. The first and most obvious is that it seems to make it very difficult to understand just what's going on when we work on a four-year time horizon. And this is further complicated by the fact that an election won't take place before the first four-year period is over.

The second and perhaps most troubling aspect of this is, regardless of whether the requirements of this legislation are met, our debt will still go up, and that, to me, just makes no sense. It seems completely political to me.

* (22:10)

Over the course of time it's fair to say that the science of economics is improved dramatically, certainly in recent years. I remember the '79 oil crisis that was preceded by wage and price controls and then followed by high inflation in the national energy program. I believe that we haven't experienced these painful episodes in recent decades because governments have become better at managing economies. Part of that reality is that it's almost universally accepted that governments must live

within their means, which, in turn, brings better stability and more investment.

Why we would want to turn away from that commonly accepted standard at this point in our province's history makes no sense to me. If it's about short-term political gain, then please look today at the long-term implications of this decision and its long-term impact on the people of this province. Leadership is about making decisions that are sometimes tough but are the right thing to do. Those tough decisions made in the national interest in the '90s are now paying huge dividends to the people of Canada. Similarly, the balanced budget legislation here in Manitoba took leadership to bring in, and it takes leadership to implement it ongoingly. Please do not give up on the short-term gain because keeping it is the right thing to do.

My own recommendations for this bill are quite short. If you wish to get rid of balanced budget legislation, then the electorate of Manitoba should have a say in that. If it's about the need to conform with GAAP regulations, then do as the Manitoba Business Council suggested and ensure that we keep the provisions of the balanced budget law that require compliance on the operating line of government. I think that is absolutely essential. This will help ensure the long-term financial stability of our province and not leave a situation that our children are forced to deal with. Thanks.

Mr. Borotsik: Thank you, Mr. Spencer, for a very well thought out, articulated presentation.

One of your last comments in recommendation was if the government wishes to get rid of the balanced budget legislation, which essentially they're doing with the summary budget, then a four-year rolling average, you suggested that the electorate should have a say. Should that say be in an election form or should that be done in a referendum form? As you're well aware, there is a referendum requirement in the act to raise taxes if in fact this is a backdoor way of raising taxes, if you will. Do you feel that should be a referendum that could cover off the electorate's—

Mr. Spencer: I'm certainly not a big proponent of referendums. The thought of having to go to referendum every time a government needs to make a decision doesn't sit well with me. It also doesn't sit well with me that the current government simply—now that the \$4 billion and the money is no longer rolling in in a major fashion, I'm not prepared to make any tough decisions. I mean those tough

decisions, I respect that you have to make lots of them every day, but they get even tougher when the money stops rolling in.

You know, the people of Manitoba, certainly people in my age group, we're going to stay in Manitoba, it's our home, everything else, but the kids are going to suffer from this down the road. I think there's been some progress made. I give a lot of that credit to this budget legislation, but to take it away without the electorate having any say—and I think most people in Manitoba, if they focussed on this, would say don't do it, because most people do not trust government to run higher deficits and then pay it back later. What happens is our interest payments go up and we start paying—I think I've got that number right—but it's \$806 million currently to service debt. That's going to go up, and that's sad because provinces, countries, everything else that have made an effort to reduce that, are doing better.

I didn't mean to be totally flippant comparing the Republicans in the U.S. to what the NDP is proposing here, but I'm against what the Republicans did in the U.S. and I'm against what's happening here.

Mr. Dyck: Thank you, Mr. Spencer, for your presentation. Just listening to your presentation, and I don't know your background, but I would just assume, within your own personal affairs and if you do run a business, that if at all possible you don't deficit finance. What I'm saying with that is that I'm sure within your household and listening to your presentation, you try not to spend more money than you make.

I'd just like you to respond on that, and that, of course, is within reference to the bill that's here. That's essentially what we're seeing in this bill, and I don't think that our individual homes and our households are all that much different than government. If you could expand on that, please.

Floor comment: Well, I think that—

Mr. Chairperson: Excuse me, I need to recognize you first.

Mr. Spencer: I keep getting that wrong. I think there is a parallel although not an exact parallel because governments sometimes have to do things differently than a household. But it's just absolute common sense that if you're fiscally responsible, as many of us have been, then you have some flexibility later on

in life when you lose your job or things happen that are unexpected, and you can deal with it.

If governments get in such bad shape unexpectedly, yeah, I guess they could run a deficit because I don't think the current legislation cuts your head off if you run a deficit, but certainly you have to face a barrage of criticism, and perhaps ministers, their salaries go down or something, but it's not the end of the world.

The way this is set up, the way I read it, is we now can be fiscally irresponsible. A lot of people, or enough people, won't understand that if Hydro's making money and somebody else is losing money, we're going to have to borrow money on the debt. Therefore the current government gets a few of those votes and they manage to stay in power. It's short-term cynicism. It just doesn't make any sense to me any other way because in the long term we're obviously going to suffer from the consequences of going into more debt.

Mr. Chairperson: Mr. Hawranik, I'll allow a short question with no preamble. We're over time.

Mr. Hawranik: It'll be one long question, though.

Thank you very much, Mr. Spencer, for your presentation. It's obviously important legislation to you; otherwise, you wouldn't be here. You indicated in one of your responses that it's legislation that should be taken directly to the public, and Mr. Borotsik suggested and asked you whether or not a referendum would be something that you could support on this kind of legislation.

Now we're here in committee, and, obviously, you felt it was very important to come forward and bring your viewpoint, and we appreciate that. Do you think public hearings perhaps should have been held with respect to this bill prior to drafting it and perhaps even after drafting it to determine whether the general public, in fact, would have an opinion on this bill?

Mr. Chairperson: Mr. Spencer, time for a short answer.

Mr. Spencer: That I completely agree with. I'm not a fan of referendums, but I'm certainly a fan of public consultation. If the majority of the people of Manitoba do not want to run a deficit as a matter of course—and it seems inevitable now we will because, I mean, why would you go through this process unless you wanted to run a deficit—they would be

against it. I think the legislation would maybe have changed slightly.

I still am somewhat of an optimist. This is a committee. I don't think too many of the government people around here are listening, but perhaps something will change because it's just not right. It's a competitive world, and Manitoba needs to be competitive with what's going on in the other provinces. It seems that we're doing okay, but are we doing okay relative to everyone else, and where we really start to suffer is when there's a big economic downturn. The other guys have more of a cushion. We've got nowhere to land.

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

The next—Mr. Dyck?

Mr. Dyck: For another question?

Mr. Chairperson: No.

* (22:20)

Point of Order

Mr. Dyck: On a point of order, Mr. Chair, I just wanted to inform you that Pittsburgh scored with 30 seconds left. It's tied and they're into overtime.

Mr. Chairperson: Thank you. It's not a point of order but it's a very interesting point. Thank you for the update.

* * *

Mr. Chairperson: The next name is Louise Mydinsky. Louise Mydinsky. Louise Mydinsky's name is dropped to the bottom of the list.

Rick Negrych. Rick Negrych. Do you have a written presentation? Verbal, that's fine. Please proceed.

Mr. Rick Negrych (Private Citizen): I'd like to thank the committee for allowing me to speak here.

Mr. Chairperson: Excuse me. I'm sorry to interrupt you, Mr. Negrych, but I can't hear you because my colleagues are talking. I'll ask them to come to order so that I can hear you. Thank you.

Mr. Negrych: That's a very interesting statement, Mr. Chairman. One of the concerns I had was whether the members here of government have ears to listen or mouths to speak because they don't seem to be asking questions or hearing things. They've got ears but they probably don't hear. There's a difference between hearing and listening. We have a

committee here that has set hours and we have people here to come to speak. Perhaps the governing committee would please give them the courtesy of maybe asking questions and show them at least that they have some slight interest in what's happening here. It will be polite.

Balanced budget legislation, which was introduced in 1995, was there to make the government accountable. There was a reason why because there were deficits being run up and there were no checks or balances for accountability so balanced budget legislation was brought in. However, after some 13 years, the present government, after eight years or so in government, feels like they can't abide by this legislation because there's a call to accountability. If you spend and waste and spend and waste, it's hard to be accountable to anybody because they'll call you up on a carpet.

As a businessman and looking after our home, I have to have my books in order, and every year my budget and my books have to be balanced. I have to produce that to the bank. I have to have it there so that I can buy food for the table for next time and pay my taxes, and pay my Autopac and whatever goes with it. On top of that, I have to save for retirement. Otherwise, if I didn't have that savings and accountability, when I retire, I would probably starve because of the taxes in this province, even on retirement pensions and stuff; it's so high that you can't make a living. It's incredible.

We heard of a few instances tonight where people have friends going to other provinces to work. Was it because the money's better? Well, perhaps the money was better but not only was the money better, but they were allowed to put more money in their pocket from what they earned because the taxes were lower.

We have among the highest property tax here in Winnipeg. We have among the highest business tax here in Winnipeg. We heard earlier, our Autopac is not necessarily the lowest. On top of that, our Autopac under the present system, they get benefits for running and killing a person. What's being done about that?

How about some of the other things that waste. How about spirited Manitoba? What does spirited Manitoba mean? To a lot of people, spirited Manitoba, the only thing they know about spirit is what they buy at the Liquor Commission in a bottle.

How about Crocus? How much money has the government wasted on Crocus? Thousands and perhaps it's getting into the millions on Crocus and the cover-up that's involved with it. What's being done with that? Is that even settled, or are we still paying more tax dollars for lawyer fees and everything else that goes along with it?

Mismanagement, it's incredible. The federal government is giving us—our transfer payments are 37 percent to 40 percent. There might be one other province in Canada that receives transfer payments. Every other one is self-sufficient. They're have provinces; we're a have-not province and, along with a have-not, we're losing people. Losing people to other provinces means we're losing tax dollars.

Just a little story here. I'm part of an association in Winnipeg North called Burrows residential association, and there are about six. In Burrows there is William Whyte, there is St. John's, Point Douglas and all our associations. A couple of weeks ago, this is just some of the training that people get. We had what they call North Winnipeg Pride, Clean Up Winnipeg. So every association was part of it. By the way, this organization, which is a good thing to clean up Winnipeg North, was run by Gord Mackintosh out of his office. So we spent a Saturday cleaning up, and then they were going to have a picnic at St. John's Park, which is a good thing because you reward the people that come out and work. So they had a picnic, they had some coffee and they had some door prizes, and they had sandwiches there. And under the pretence that we were going there for a picnic to reward our people for helping out, about a week later we get a phone call: you owe us a hundred dollars; the picnic and the party that we had cost us \$1,900, and we don't want to pay; we can't afford to pay for it so, we're going to ask the rest of the residential association to help us pay for it.

Didn't they know ahead of time that this was going to cost? A few door prizes and some sandwiches and coffee cost \$1,900 for about 75 people? You know, so now, Gord Mackintosh, who is an MLA for that area, he's calling on the people to hand out money. Why didn't he plan ahead of time before running a deficit which he should have known was going to be there? But the price that he's charging, it seems like there's going to be a little profit there, too, because there's no way that he spent on what was out there more than at the max a thousand dollars. But I guess he's the same way as they collect taxes to pay for their deficits, they're

trying to get money from the associations to pay for his little party.

Balanced budget. By eliminating the balanced budget, which I am against, would allow the government to rake the profits off Crown corporations. If Autopac is making money, why not reduce the rates? We just received 10 percent back. Why don't they just reduce the rates instead of—maybe somebody needs to explain to me. I received a \$2 cheque because I registered a trailer. How much did that cheque cost? Why doesn't government reduce the rates instead of paying money to send cheques back? How much did those cheques cost? Waste, the printing of the cheques, the envelope, the postage. It probably ran into thousands of dollars to return that money. If they would have reduced the rates to start with, and they know if they have any accountability and balanced budgets, they would know how much money they're going to make over the course of that year.

* (22:30)

Where's our tax dollars going? Surely it's not going on our roads. As a previous speaker said, if we had the taxes that we collect here, we would have diamond and gold on our roads. Instead, we have potholes. If you take some of the roads that we have here in Manitoba, you could go on them, you could almost fall asleep from getting rocked to sleep. Our bridges are falling apart. There's a perfect example over at Portage here over a year ago. It wasn't until the accident over in Québec that they finally decided to check some of the bridges. The north Perimeter bridge is in trouble, and other bridges right across the whole province. In Wawanesa—

Mr. Chairperson: Excuse me, Mr. Negrych, I regret to interrupt you, especially since you are my constituent, but you need to come to a conclusion or a summary. You have about a minute left. Thank you.

Mr. Negrych: Pardon me?

Mr. Chairperson: You are running out of time. You have about one minute left to come to a conclusion or a summary, please.

Mr. Negrych: Okay.

To me the way things are happening here, by controlling the peoples' money, taxing them to a point where they haven't got any more money to spend, controlling their lifestyle, we have a government that wants to take total control of what

the people do. We need to give back more money to the people so they can spend their own money. If the government gets into a position where they have total control of the people, total control of the economy, total control of the spending, there is governments around the world that do that. And there is a name for that type of government, and it's not democratic.

We want to have a freedom of speech here. We want to have freedom and democracy to do with our money the things we need to do. We don't need government to tell us how to spend it. They can't spend the money they have. How can they tell us taxpayers how to spend money. We run businesses that are successful. We run homes that are successful, and we don't need government to take money out of our pocket and spend it for us. We need government to be accountable, bring in legislation that checks the government and provides freedom for the people. Thank you.

Mr. Chairperson: Thank you, Mr. Negrych.

Mr. Dyck: Well, thank you, Mr. Negrych, for your presentation.

You mentioned in your discussion here that you were a small business owner. As I've asked a number of other presenters here today, within your own business and, of course, needing to run a business you need a bank in order to be able to cash flow the dollars that you need. Do you find that the banker is open to allowing you to run deficits on a continued basis? Do you find also that in your household that you can continue to run deficits and that being an acceptable approach to running either your business or your household?

Mr. Negrych: No, the bank will not allow me to run deficits. If I run a deficit, they put a surcharge on it and before long, and I haven't had that experience yet, and I don't want it, but they call me in and they talk to me. If I can't have the money to cover an overdraft or whatever, why not? In the household, if I don't pay my Hydro bill I get a notice from Hydro that the hydro will be shut off. If I don't pay my water, they'll send me a notice that the water's getting shut off. I have to pay my bills and be accountable to the utilities.

Mr. Dyck: I just want to pursue that a little further. I know that we've had discussion here tonight specific to the good times. Those are the times that you need to put dollars aside, and I like to use the reference and refer to a household again. I know that many

people say that governments are different, but I think that it's in the category of areas where we can really, truly understand it, and that's coming back to our own households, that we put money aside so in case our refrigerator or our deep freeze all of a sudden needs to be replaced, that we do have some dollars to replace that.

Do you feel that a parallel could be drawn from that example toward government as well, that in the good times, which we've had, and thank goodness that we've had a number of good years, that it is in those times that dollars need to be set aside so that, and we've heard from a number of presenters, I think all of us who listen to the news and read papers realize that there are some tough times that are ahead of us.

Is this a good time to put dollars aside so that in fact we would be able to face the challenges that are ahead of us when, in fact, the dollars don't flow in as they are right now?

Mr. Negrych: Yes, it definitely would be a time. All you have to do is ask the farmer. They are in a good time right now with the price of grain. They'll be putting some money away. They've had some very bad times and they ran very strong deficits. Many farmers are not able to exist. It's the same with us as a household. Unless I want to keep spending and spending and spending, and then, when the hard times hit, I put it on MasterCard; then I have to service a debt of 18 percent or whatever the credit card covers, and it just keeps getting bigger.

I think that's the biggest problem with our country and society now. We are so overspent that we can't see the top of the hill. Americans are really suffering in the housing market because of overspending, overbuying. Winnipeg housing market last year and the year before has the same problem. There's people buying homes. If we ever run into a situation as Americans have, there'll be houses sitting there a dime a dozen because the households have not taken the time to save and make wise decision. They're not being accountable. Same as our present government. In fact, they want to reduce, eliminate the balanced budget so nobody knows what they're spending.

Mr. Dyck: Just to expand on the comment that you just made, I was in discussion with our local banker and credit union manager and I just asked, specific to the area that I represent—and the housing market out there, of course, is very aggressive, as well as it is in the city of Winnipeg—but I asked them both what

they felt would happen if the interest rates went up by one or two percent. Right now, I know that with the competition that's out there for savings by a lot of people, the excess dollars that some of the banks have, that the interest rates are going down, and also for other reasons. I know that the, federally and provincially, but federally, they're not wanting to encourage inflation.

But the comments that were made by the bankers was that if the interest rates would go up by one or two percent, that this would, indeed, put a lot of the homeowners in jeopardy. From your experience, would you agree that this is a possibility that could take place?

Mr. Negrych: Absolutely. You look back in the early '80s when the interest rates on homes went up to 18 percent. I'm not sure if they'll go again that high, but right now with interest rate around four or five, maybe six percent on mortgages, if the interest rate happened to go to two or three percent—as it is, both people in the home have to work now to make ends meet, if the interest rates went up on a \$100,000 or \$200,000 mortgage which homes are selling for right now, that's a substantial increase, one or two percent on a mortgage of that size.

Mr. Chairperson: Thank you, Mr. Negrych. Your time is more than up. Thank you for your presentation.

Mr. Borotsik: Mr. Chairman, I'd like to present a motion to the committee.

I move that this committee recommend to the House that it waive rule 92(2) for these committee meetings to allow all presenters to Bill 38, The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, to present for an unlimited amount of time and to accept questions for an unlimited amount of time from committee attendees.

I would like to table this to the committee.

Motion presented.

Mr. Chairperson: The motion is in order.

Hon. Greg Selinger (Minister of Finance): Yes, I'm aware of one other speaker in the audience that wants to present tonight and he's on the list. I think he's, if I understand it correct, No. 35, Mr. Ken Mason. He's here and I saw him with a number of presentations and I just wondered if we could take a moment to confirm whether he wants to present. We've given courtesy to other people to present

tonight and I wanted to confirm whether he wanted to present.

Mr. Chairperson: Mr. Negrych, I think probably you'd be well advised to sit down. This could take some time and your speaking time was expired anyway.

Now, I don't like dealing with two items at the same time. I think we should deal with the motion first unless it's the unanimous will of the committee to accept Mr. Selinger's recommendation to have the presenter who is sitting here waiting.

There isn't unanimous consent for that, so we'll now debate the motion.

* (22:40)

Mr. Borotsik: Speaking to the motion, Mr. Chairperson, and I thank you for your ruling, the motion is very appropriate, very apropos, considering the request that was asked of government members to extend a courtesy to two individuals who made presentation to the committee this evening.

I think it's important that we recognize that this process—albeit somewhat flawed as we've identified in the past, Mr. Chairman—this process is, in fact, for the people to speak and for us, as committee members, to listen.

We ask individuals to come forward to spend an inordinate amount of time in some cases to put forward their presentation to this committee. We ask them to take time out of their extremely busy lives; we ask some people to travel great distances to come to the Legislature, to come to these committee hearings. We ask them to make an awful lot of sacrifice; yet, unfortunately, we have not allowed those same individuals the same courtesy to put forward their opinions to this committee and have the ability to, if nothing else, extend their time for either their presentation or for questions from this committee.

As I mentioned, we've been very fortunate to have, up until this point in time, some very, very good presentations. The presentations have, in fact, been very articulate for the most part, very well-thought-out. The individuals who have presented those presentations are, for the most part, very, very intelligent people who have some opinions as to where this province has been, where this province is today and where they see this province going into the future.

Unfortunately, for the most part for the government, the presenters have found that Bill 38 particularly, somewhat offensive, because it allows the government to do many, many things financially. It gives them some fiscal tools that will, in fact, impact the presenters and their families, for probably years and years to come. These people have articulated these opinions.

As I said, for the most part, they have, in fact, analyzed the legislation, perhaps even better than some of the committee members. I won't point as to which side of the table that may well be but certainly I think, for the most part, a lot of the presenters know the bill, perhaps better than some of the people who will ultimately be voting on this piece of legislation.

They do know that the bill has some long-term ramifications. They do know the difference between a core operating statement and a summary budget. They do know more so than just simply balancing a core operating budget as opposed to a four-year rolling average. They know about referendum on taxes. They know about the penalties, in fact, that are going to be imparted to ministers if, in fact, the balance summary budget isn't balanced, which is almost laughable.

In some cases, there are professionals who come to this podium, professional accountants, professional economists, in some cases professional politicians, who come to this podium and can share with us some very, very valuable information. Yet, in this committee today, we were asked leave twice to allow a presenter more time and to allow this committee to ask more questions of that presenter.

Both times—one was with Mr. Penner who was a former Cabinet minister who went through not only the original balanced budget, not only the balanced budget legislation, what was originally put into place in 1995, he went through that. But he went through some very difficult financial times, very difficult financial times with the government that had to deal with those difficult financials.

Madam Vice-Chairperson in the Chair

What happened is we did not allow Mr. Penner any time to expound on his experience, and I think that's absolutely wrong, Madam Vice-Chairperson. Certainly, this motion would deal with that, where in fact we would allow, by a waiver of the rules of the House, the opportunity to allow Mr. Penner to speak.

We also had the opportunity to listen and learn, and that's really the issue here. This is not just a

matter simply of having people there to speak and have others play with their BlackBerrys, read their newspapers, and not pay any attention to the speakers. The fact of the matter is that these people come to that podium and they expect certain respect for their opinions, and I think that's important. We ask people to come from all walks of life, from all locations across this great province of ours, and I think it's important that we allow them to make that presentation, that we allow ourselves to listen to that presentation.

We had Mr. Martel. Mr. Martel is, I believe, or was, a municipal politician with 18 years experience at the municipal level. Mr. Martel had a number of things that he would like to tell us, but the rules of this committee were that we would speak only for 10 minutes, and we would be able to have five minutes' worth of questions. I think if there had been some flexibility in this committee and it would've allowed Mr. Martel the opportunity to speak, then perhaps the motion before us right now would not have been necessary because it's really, really important, Madam Vice-Chairperson, that the opportunity be put forward to allow these speakers.

We also, hopefully, in the next numbers of presenters that we have, and there is quite a list, there are still some 60-odd presenters that are going to come, and in some of those presenters, there are in fact expert witnesses, people who can talk to transportation and infrastructure, can talk to the ministers' management systems, that can talk to climatology and the issues of droughts and flood and how that's going to affect the financials in the province.

We could also get somebody here from the federal government, Madam Vice-Chairperson, that maybe he could tell us just exactly what it is that the federal government is going to be doing with respect to the extended—*[interjection]*

I'm most agreeable if the minister and the House leader have made that arrangement. As long as this motion can come back, I can finish my speech and it can be continued. Absolutely. I have no difficulty with that.

Madam Vice-Chairperson: Is there unanimous consent to set aside the motion and hear the presenter? *[Agreed]*

Mr. Ken Mason. Do you have a presentation to distribute, Mr. Mason? Thank you.

Mr. Ken Mason (Private Citizen): Madam Vice-Chair, honourable ministers, MLAs, Leader of the Opposition and committee members, thank you very much for this opportunity to present on Bill 38, especially, the last few minutes here. I'm new to this process, never done this before, so I do appreciate the chance to come before you.

I put together my presentation—it's on part 1 of the balanced budget and financial management strategy, my thoughts on that. I put together an agenda for my presentation based on my thought processes to help you, I guess, understand where I'm coming from.

* (22:50)

As background on this, The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, Bill 38, has come up in conversation several times during my work on committees with various chambers and business groups. So, because this was coming up time after time, I did some investigation on it, Internet articles, recent news articles, to see what the kafuffle was all about. So I had to form my own opinion in terms of what was happening that was causing this conversation.

So the facts and assumptions I have—I'm sort of, like, laying this out with some groundwork. I strongly believe—and if I had more time I could probably pull out the facts to prove it—Manitoba has an educated, skilled and available workforce, fact No. 1. Fact No. 2, Manitoba can provide an environment for which both small and large businesses can flourish, and, 3, and most importantly, government legislation and regulations aimed at accountability on the spending of public finances should encourage outside investment by demonstrating a stable and fiscally sound picture of the province and, secondly, help make the province a desirable place to live.

My findings in my research, I found that balanced budget legislation exists across most of the provinces, no surprise. Balancing operating funds on an annual basis is viewed by many as a process to ensure accountability and transparency of governments. One thing I didn't realize is that balanced budgets alone do not seem to be all that effective.

I found some articles where there are those who indicate that more needs to be done, and I'm referencing an article from the Fraser Institute on this particular term. Adopting balanced budget laws has

not, however, restrained the growth of government, measured by either growth in spending or revenues. The adoption of laws enforcing balanced budgets in Canada has actually coincided with increases in government spending and taxation: Seven of the eight provinces with balanced budget legislation experienced increases in government as measured by real per-capita consolidated—and dot, dot, dot, because I realize I only have 10 minutes—government expenditures and revenues after the implementation of the balanced budget laws. That's from an article from the Fraser Institute called "Tax and Expenditure Limitations: The Next Step in Fiscal Discipline." So I actually learned something by going through this.

So my comment is that when revising legislation, it should be for the better, and there is some of that in Bill 38. Moving to GAAP is a good step forward. Inclusion of Crown corporations and government-reporting entities to get the broader financial picture also seems to make sense to me. However, it's a bit unclear to me as to why the annual balancing based or calculated on a four-year period is a step forward.

My comments, and I think I echo these, the same as the Manitoba Chambers of Commerce and the Business Council, it seems to me that a hybrid legislative and financial management strategy is needed to both maintain the existing annual balancing of operating funds and to allow for the accounting of Crown corporations and government-reporting entities.

My concerns are—and I guess I use the term "concerns" because I wouldn't be involved unless something bothered me—wouldn't removing the annual accountability be a step backwards and maybe viewed negatively by businesses looking to invest in Manitoba's economy? Given that concerns have been raised by those representing businesses in Manitoba, there must be something to that.

I'm going to reference articles from the Manitoba Chambers and Business Council. So a while back, from the Manitoba Chambers, Dan Overall, who I do work with from time to time, indicated, why can't we have both systems? Surely it makes sense to have a one-year system for the finances that are directly within the government's control, the current balanced budget legislation, and a four-year system that takes into account the big picture, including those entities over which government has only limited control.

I believe, Thursday, I heard from Jim Carr, the Business Council of Manitoba, that: We agree that a

four-year rolling average is appropriate when factoring in the performance of Crown corporations and government-reporting entities. We do believe, however, that it is appropriate to keep the provisions of the balanced budget law that require annual compliance on the operating line of government.

So my recommendations and considerations for you is take the opportunity to include a one-year system and a four-year system together with the new legislation. Take the opportunity to strengthen Manitoba's economic environment by improving balanced budget legislation.

I learned something by reading these articles. For example, you can take responsibility further by maybe examining the feasibility of introducing taxation and expenditure limitations.

I learned that balanced budget laws attempt to achieve just that—and they have—the balancing of revenues with expenses such that the debt is not accumulated by government. But TELs, on the other hand, attempt to constrain the growth of government spending and taxes regardless of fiscal balance. Now, I don't know whether this is appropriate or not, but it's just a suggestion that there are other vehicles and mechanisms out there that can further improve upon the legislation that's already in place.

What really caught my interest was that, in the article, it noted only two of the 10 Canadian provinces, Ontario, Manitoba, have any type of legislation comparable to TELs. Now that said two things to me: one, people are actually talking about Manitoba and, two, they're actually saying something good. So why not build upon legislation already in place and prove that?

I guess I've had the opportunity to listen to a variety of presentations from Thursday and today, and I'm looking at it from a perspective of an investor coming to Manitoba. My concern is I know we have a very good skilled and dynamic workplace. We have intellectual capital in Manitoba. When you do legislation, maybe you should look at the aspects of, how is that viewed by others? What does that mean to people looking to invest? Is it a good thing? Is it a bad thing? I don't know. I'm not qualified to judge on that, but when I do hear concerns from business communities, my ears perk up and I say, well, maybe there's something to that, then maybe we should look at that.

Thank you very, very much for your time. I really appreciate the opportunity letting me come in

here when you're debating, whatever it is you're debating, and thank you again.

Mr. Borotsik: I do apologize, Mr. Mason. I was under the impression perhaps that you were prepared to make presentation tomorrow, but it's nice to have you here this evening; it's nice to have you make your presentation, and a very well thought out presentation it is.

I have one question: In one of your areas, the balanced budget and financial management strategy, you indicate in your findings that perhaps balanced budgets alone do not seem to be all that effective. It was a rather interesting statement because one of the financial management strategies that this government has—there are a number of them. There are a number of benchmarks. They deal with debt, the GDP, they deal with a number of infrastructure and issues of that nature, but they're putting forward the belief or the thought that in fact they are still maintaining balanced budget legislation. Do you see with Bill 38 that in fact that is the case, or, in your opinion, is it even necessary? Balanced budgets is an ideology. It's shared by an awful lot of provincial governments at the present time, but some don't fall into that. There are some jurisdictions that still have deficit funding on an annual basis. Do you believe that there should still be the opportunity for the government to run deficits if in fact it's necessary?

Mr. Mason: I think, from the information in front of me, when I found out that budget balance legislation does not always achieve, I guess, what is meant to happen, it was a surprise to me. Running deficits, and in looking at Bill 38, and I have read it several times, there are going to be situations or economic reasons or perhaps natural disasters, something that would cause you to run a deficit. There's got to be valid reasons. You wouldn't do it as a course of running business. I certainly don't do it. I don't encourage anyone to do that.

In answering your question, I'm not qualified to judge on the economics of balanced budget legislation, but I do know that more qualified people than me, economists, et cetera, are looking at this thing across the country and seeing different results. So I guess you're right. It's a philosophy, and I think the balanced budget has done very good things for Manitoba. My main concerns on this is if it's taken away, are people going to look at that as a bad thing for Manitoba? Are we going to lose in the long run? And maybe it makes it more easy to run deficits. One wouldn't want to do that as a course of running

business, naturally not, but, you know, it's a tough question. You're asking me to go between philosophy and fact. And when you read and you read and you read, you find out that statistics can prove almost anything. You have to really understand what it is and what kind of outcomes you're looking for. All I do know is good legislation means good business. So is this good legislation, the sum of that? All I'm saying is let's be careful what we do because it stays there a long time.

* (23:00)

Mr. Borotsik: Thank you. Truer words weren't spoken: it stays there a long time. Basically, we're setting the groundwork for future generations of Manitobans and sometimes it scares me just how we're setting that groundwork right now, dependent upon federal government the way we are, and the potential of having some revenues either stagnating or dropping will obviously affect the province in a negative fashion.

A question, and you don't have to answer it if you don't want to. Do you believe, and some political ideology will say, that you can spend your way out of a recession? If there is a downturn in the economy, if you are finding that perhaps there isn't quite the economic growth that you are looking for, that the public spending can spend a way out of a recession. Do you subscribe to that particular philosophy?

Mr. Mason: No, I don't believe I do subscribe to that type of philosophy. I think, in the past, if my memory serves me well—and it's getting up there in years—I don't think it has ever worked. I think spending your way out of a downturn doesn't work. I mean, job creation and that, there's got to be something there that's sustainable. I do have experiences where federal funding is given in to certain projects. If the operating isn't there by provinces or territories to continue that on, those initiatives die. One-time funding, or, this generation is really a waste of time and effort if the sustainability isn't built into it.

Madam Vice-Chairperson: Oh, I'm sorry. Our time is expired for questions.

Thank you very much, Mr. Mason.

Mr. Mason: Thank you.

Mr. Chairperson in the Chair

Mr. Chairperson: Mr. Borotsik's motion is on the floor and Mr. Borotsik has one minute and 37 seconds remaining in his time allotment.

Mr. Borotsik: Thank you very much for that very accurate timekeeping, and I do appreciate one minute and now, 27 seconds. I can't say much more than what I have already. The motion is very self-explanatory. I believe in the motion. This is not frivolous. This is something that I believe in quite strongly that when individuals do make presentation to this committee, we should, as I said earlier in my presentation, that it's our job to listen. It's our job to glean as many pearls of wisdom that we possibly can with the people that are making the presentation. No one has a lock on ideas—

Point of Order

Mr. Chairperson: We have a point of order, and that would be by Mr. Faurschou.

Mr. Faurschou: If we, as a committee, need, the Finance Minister has left the room. We need a sitting member of the Cabinet in the chair, or at least in the room, for—

Mr. Chairperson: Thank you for that reminder. Mr. Borotsik, for a few seconds.

Mr. Borotsik: Actually, I prefer the minister that we have in the chair now, thank you very much. The comment I was trying to make is that nobody has a lock on ideas. Nobody has a lock on opinions. Nobody has a lock on what's best that can work for the province of Manitoba. If you think it's the finance minister, it's not. If you think it's bureaucrats in his department, it's not. It's the people of Manitoba who probably have some better ideas as to where they want to go as a province, where they want to take their finances as a jurisdiction, where they want their children to be able to work and thrive in this province.

I think it's very vital and very important that this motion pass, that we do ask the House to waive the rules. The other of the 60-some-odd or 70-some-odd speakers that we are going to have, have the opportunity of making their presentation without any limitations. Thank you, Mr. Chairman.

Mr. Chairperson: I have a speakers' list. Next I have Mr. Goertzen, then Mr. Hawranik and then Mr. Graydon.

Mr. Kelvin Goertzen (Steinbach): Thank you very much, Mr. Chairperson, for giving me the floor to speak to this motion put forward by my honourable

friend, Mr. Borotsik. I appreciate the fact that he's brought forward this well considered and well thought out motion for the consideration of this committee.

I'm confident, even at this hour, Mr. Chairperson, and even given the events of the last week in the House and the committee, that this motion will pass unanimously and it will meet with the approval of all members. Really, why wouldn't it meet with the approval?

What's the worst that can happen by allowing speakers to come forward and to speak for an unlimited amount of time? Are the members opposite, the members of the government, really concerned that the public are going to come and "filibuster" a committee, that they are actually going to come and try to stall committee themselves?

I think it's important that all of us take the best intentions of the public with all the right motives, if they are going to come to try to give us good ideas. Are they concerned that they might come up with a good idea, that somebody in the public might actually present an idea that the members opposite haven't thought of?

I've heard it often said, by the Premier (Mr. Doer) himself actually, that nobody has a monopoly on good ideas and nobody has a monopoly on things that are important to Manitobans.

So let Manitobans come and speak and not be shackled by a 10-minute time frame. I would venture to say, Mr. Chairperson, that, really, it would probably all come out in the wash. There might be some members who would speak seven minutes; there might be some members who would speak for 14 minutes. Ultimately, I don't think you'd find that the committee would go any longer.

What it would do would be to give flexibility to Manitobans, who have taken sometimes time off work or driven for long distances, to try to share their wisdom and their input to this particular committee.

I would suggest, Mr. Chairperson, that it would be the height of arrogance for this committee not to accept this particular motion. It would not only be disrespectful to members of the public at large, but certainly disrespectful and not in keeping with the comments of the Premier and others who have said that there is no monopoly on good ideas in the province of Manitoba.

For those reasons, I'm certain that all the members of this committee will quickly agree and want to pass this motion, so that all members won't have to feel the need to rush through their presentations or, perhaps, leave out a salient and important point in their presentation that would benefit all of us. It would benefit all of us, as Manitobans, in the long run.

What's the hurry, Mr. Chairperson? The House is scheduled to sit until June 12, so we have more than a couple of weeks yet to have a fulsome debate on a number of issues. This particular piece of legislation, I would hope, would be intended to stand the test of time. There are a lot of concerns that have already come forward regarding Bill 38, a lot of concerns from the public, so there are questions about whether or not, in fact, it would stand the test of time.

You'd think that the government, if they weren't an arrogant government at this stage of their governance, they'd want to hear from Manitobans, to hear if they actually had a suggestion that would better the legislation that might be here for some time.

I've heard the Premier say on radio and publicly that he wants to hear from the public. In fact, he has admonished me in the House and outside of the House, saying that I wasn't interested in hearing from the public.

Of course, I reject that out of hand, Mr. Chairperson, but this is an opportunity for the Premier, through his backbenchers and his ministers who are representing him here tonight, to, in fact, put the Premier's words into actions, to put what the Premier has said publicly on the record, that he wants to hear from Manitobans to the test. It will be a test. I can assure you, Mr. Chairperson, if members of the government vote down this resolution, we will remind them often that they are the ones who decided that they didn't want to hear from the public.

The Member for Elmwood (Mr. Maloway) apparently wants to get home. He wants to have a vote; he wants to move quickly. I would say to him that's exactly why this motion has come forward, because we don't want to be rushed, because we don't want to say to the public we need to move quicker. We don't want to hear three more minutes from you, or four more minutes from you, because we've heard 10 already; what more could you add in four minutes?

* (23:10)

It's just that kind of attitude and arrogance that is expressed by the Member for Elmwood which I think people would be concerned with, if this particular resolution doesn't pass. I hope that he'll have some time to reflect on his comments and, before this comes to a vote, he'll side not with the opposition—I wouldn't want him to think that it's siding with the opposition, that it's voting for us as opposition member. It's voting with the public; it's voting with Manitobans. You shouldn't go with your heads held low tomorrow into your caucus and think, oh, we voted for an opposition motion. You should go with your heads held high, saying that we voted for the public of Manitoba.

They could come—*[interjection]*—oh, well, and then, there's the attitude. Ms. Korzeniowski says that they don't want to—*[interjection]*—I'm glad she's woken up for this part of the debate, but she says she doesn't want to hear me, and it's indicative, I think, that she doesn't actually want to hear Manitobans at all, that she would love to move—*[interjection]* Well, she says there's nobody here.

We've had this debate about whether or not we should be actually having committees at 10 o'clock. There are people who are scared to leave their homes at ten o'clock in a crime-ridden city under the NDP watch. I'm not surprised that people put the deadbolt and then turn the deadbolt lock and put the chain on and have the dog outside. Why would they venture down to the Legislature to try to make a presentation to this committee for 10 meagre minutes, for 10 meagre minutes because the Member for Elmwood (Mr. Maloway) won't spare them a minute or a minute and a half to go a little bit longer because he's heard enough and he wants to move on to a vote. He's got other things to do. Maybe he wants to go and lobby for the bridge for the Premier (Mr. Doer). Apparently he hasn't had the time to go over to the Premier's office and try to wrestle money from the Premier so that the City of Winnipeg can have action on that bridge. He doesn't have a minute to spare for a Manitoban who might come with a good idea.

Now that I understand that he is opening up a constituency office in this Legislature at this time or some point in the near future. After a while he can use the Minister of Justice's (Mr. Chomiak) closed sign for that particular constituency office. After 20 years or 10 years of representing constituents, he is going to have an office. I think when he opens that office, I'd love to be there for the grand opening. Perhaps he'll invite me. I'll bring flowers or something because I think it will be a fairly esteemed

moment you know when—*[interjection]*—a T-shirt, I'll gladly bring a T-shirt, whatever encourages the member because it's a momentous moment when a member opens up a constituency office for a first time. Now it's unusual when that member's been in office for 20 years but still, when a member opens up a constituency office for a first time it's an important moment in the Legislature.

When he actually has constituents come to the office, once they realize that a new MLA's been elected and there's an office there and they come into that office, he'll find that maybe sometimes the concerns of those members or those constituents will be more than 10 minutes. I wonder if he'll put a time limit on those—maybe he'll put a sign on the door. I'm going to give you 10 minutes for your concern and then I've got five minutes of questions but after that, you gotta leave the door; you gotta go out. Then maybe we'll find out why the member hasn't had an office for so long. If he does that, if he tries to say to members, 10 minutes is what I'll give you for constituents and then I'll ask five minutes of questions and out the door you go, doesn't matter how serious the concerns, I think you'll find that it's unreasonable.

It's no more reasonable here in this committee when members might have important ideas. He raises the issue of the closed sign that the Minister of Justice put on the outside door, and I know, Mr. Chairperson, this is an issue that's under advisement by the Speaker—

An Honourable Member: Well, follow the rules.

Mr. Goertzen: I'll advise the minister of the rules. I can't speak to whether or not, in fact, it's a matter of privilege, whether or not members' rights have been infringed upon but the fact that there was a closed sign is not in dispute. The government, the opposition, and the independent members have all acknowledged that. So I can speak to that because that's not under part of the ruling. That's not in dispute. It's whether or not it actually breached a rule of privilege.

So the fact that there was a closed sign on the outside of the Legislature, there'll have been members, we know that there are members or people of the public who will have come to the door. Those aren't light doors. Those are heavy doors. You see a closed sign and then you push on this heavy door. It's not opening. Who's to know how many people turned away, turned—*[interjection]* Well, I know the

Member for The Pas (Mr. Lathlin) doesn't like the comments but he's got a lot more to come yet.

People will have come to the door and they saw the closed sign and they push on the door and they—

Mr. Chairperson: Excuse me. Excuse me, Mr. Goertzen, excuse me. Order. Just a couple of reminders; one is that the topic of the matter of privilege is under advisement by the Speaker, so normally we shouldn't be talking about it here. Secondly, just to let you know that you have slightly less than one minute left in your time. Thank you.

Mr. Goertzen: There might have been some of the members—

Point of Order

Mr. Chairperson: Sorry. We have a point of order by Mr. McFadyen.

Mr. McFadyen: Mr. Chairman, as I think the Member for Steinbach (Mr. Goertzen) and the Opposition House Leader (Mr. Hawranik) indicated earlier, it is not in breach of the rules to make reference to a fact that isn't in dispute, being the fact that there was a closed sign on the door of the Legislative Building. What is prohibited is debate or discussion directly on the point as to whether or not there is a matter of privilege.

The matter of privilege is before the Speaker as we speak, but the factual basis for that matter of privilege is not something that is off limits in terms of committee discussion. I just wanted to raise that as a point of order and ask you, Mr. Chairman, if you'd just clarify the ruling to be specific that facts not in dispute, such as the closed sign on the door of the Legislative Building, are permitted to be discussed, permitted that the member does not then stray into arguing or attempting to re-argue the matter of privilege currently with the Speaker.

Mr. Chairperson: Well, I think you may have a point there. I was just trying to advise the member that he was getting close to the line, and I'm sure he was going to follow my advice. He still has about 50 seconds left.

* * *

Mr. Goertzen: I would never step over the line, Mr. Chairperson, but, as a final point, let's walk through a scenario. If a constituent from the constituency of Elmwood would have come here, saw a closed sign, realized, or thought the building was closed, can't come in to make a presentation, then they would

have thought, well, where can I go? Can I talk to my MLA? And they would have thought, well, he doesn't have an office so I can't go talk to him because he's never had an office. Then it would have dawned on him, oh, I think he's actually planning to run federally for Mr. Blaikie's seat and so where would I go?

If that constituent, who was turned away three times, first by a sign, then for a lack of an office, and then because the member plans to run federally, is it not worth giving him an extra five minutes to speak at this committee if he comes back after running those three obstacles? I think it's the only fair thing to do, and I know that members opposite will stand with the public, not stand with the opposition, stand with the public and vote for this resolution.

Mr. Chairperson: Next on the speakers' list, I have Mr. Hawranik.

Mr. Hawranik: I speak very much in support of Mr. Borotsik's motion, and I would encourage all members opposite to do the same. I know that when Mr. Borotsik was debating the motion, I heard very clearly on the other side, opposite side, that we should be sticking to the rules, but we now have an opportunity though to change those rules, and members opposite know that whenever we introduce a motion here at committee, we can change the rules as long as they're voted in favour of. I would encourage the Minister of Finance (Mr. Selinger), who's now smiling at my comments, I would hope that he would, in fact, support this motion as well—

An Honourable Member: I'll think about it.

Mr. Hawranik: Oh, he's thinking about it. Well, that's a good start. Obviously, there may be some change of heart there on the other side so we're hoping that they do change the rules for this particular committee because Bill 38, of course, as we all know, is a very important bill, and why wouldn't we change those rules?

Well, there's only a number of reasons why members opposite wouldn't want to change the rules. First of all, to stop debate, proper debate in this committee. This is a very complex bill, a bill that's brought forward by government at the very last minute, a very complex bill. I think we need to have a variety of input from Manitobans to determine whether or not this bill should be passed in this Legislature or whether it shouldn't be passed or whether it should be amended.

The other reason why they may not want to support this motion is members opposite may not be interested in any opposition to the bill. They may not, in fact, listen to presenters here in the Legislature. So we have to ensure that there's proper input from the public with respect to any bill in front of this committee, in front of the Legislature, and this bill in particular because it's very important in terms of the finances of this province.

There are a couple of objections that came out loud and clear this evening, and I'm sure there'll be a lot of other objections if we'd allow committee presenters to have more than 10 minutes to make a presentation to committee and perhaps more than five minutes to answer questions. A couple of objections that came out loud and clear from the presenters, just from those this evening, is that on the summary basis, on a summary budget, this bill will allow government to run, for example, three consecutive deficits even while including Crown corporation profits, and then in the fourth year, try to make up that difference.

* (23:20)

Secondly, another proviso to this legislation indicates that they won't even count the losses of Manitoba Hydro, should there be low water years. So, on one hand, they're not willing to count Manitoba Hydro losses if there are low water levels in the province, yet, on the other hand, if there's a profit, this government is willing to count Manitoba Hydro profits. That's an inconsistency, I think, in the legislation and certainly a loophole that could be used by the Finance Minister and by this government in order to try to balance budgets.

In terms of the operating budget, Mr. Chairperson, in fact, under this legislation you could have a deficit every single year in the operating budget and yet claim to come out as a surplus every year and issue press releases indicating that once again we've balanced our budget. That is a huge concern, I think, by the people who came forward tonight at committee and I think that should be a huge concern for all Manitobans.

Bringing this bill, Bill 38, was interesting timing, Mr. Chairperson. In the previous nine years we've had increased revenues and we've had incredible increases in revenues because of the increases in federal transfer payments. Yet at the same time what we've seen is this government resorting, first of all, to raiding the rainy day fund, counting money it already had in a savings account,

transferring it to the operating account to post a surplus and then, if that wasn't enough, raiding Manitoba Hydro to the tune of \$203 million in 2003.

So it was interesting how this government, over the last nine years, in spite of increasing revenues, in spite of increasing federal transfers, resorted to loopholes within the existing legislation to ensure that there was a balanced budget.

GAAP, I think, is extremely important although it's not even mentioned once within this particular piece of legislation. It's interesting how the minister has in fact touted that he's using GAAP and, for that, we were in support of using GAAP in terms of our finances in the province, but in 2003-2004, during that fiscal year, the Auditor General, in fact, using GAAP, said we posted a \$614-million deficit.

The minister knows all the controversy that surrounded that, and while he's now willing to support GAAP because of course he'll be backfilling all the deficits that could occur under this legislation in the operating budget, he'll be backfilling with Crown corporation profits under the rules in 2003-2004. He certainly didn't live by GAAP at that time because in fact the Auditor General called him on it and said that there was a deficit of \$604 million.

There is changing economic conditions here in Canada and the United States. I don't think there's any denying that. The United States is currently, it seems to be entering into somewhat of a recession and obviously, with United States being our greatest trading partner, we will likely follow suit. So this is interesting timing in terms of introducing Bill 38 because what it'll allow the Finance Minister to do and this government to do is, in spite of a recession, use profits that have been generated by Crown corporations to backfill.

So, for that very reason, of course, we don't support Bill 38 and neither do many of the presenters that came forward this evening. In fact I can—in terms of the presenters that have been coming forward, we had Mr. Martel who had 18 years municipal government experience, he had a lot to offer. He came on his own time. He came from Altona specifically to make representations at this committee and certainly, anything that he would have provided to this committee would be very valuable in terms of contributions to whether it means amendments to this bill or whether it means in fact throwing the bill out entirely. But when I asked for a leave to allow him additional time to answer questions all we got was a resounding no.

Secondly, we introduced a motion just to allow him an additional 20 minutes to answer questions and again we were outvoted by this government. I'm not sure what they've got to hide in terms of not answering to the public, not answering to people who come forward in committee other than to try to reduce rebate and to reduce criticism of this government and introducing Bill 38.

Similarly, when we had James Cotton, for instance, who just came forward to committee. He's an entrepreneur, a young entrepreneur, and concerned that he may, in fact, have to leave Manitoba because of the effects of Bill 38. He certainly would have a great deal to offer to this committee, and yet the government members don't seem to be open to allowing presenters to present longer than what the rules allow.

I think we should be open to that. Similarly, when we saw Mr. Penner come forward, described as a private citizen but, certainly, he, as everyone knows at this table, is a former minister and a long-time farmer, a very successful farmer in southeastern Manitoba. He would have a wealth of experience. He would have much to offer to this committee, and he was not allowed any further questions as well.

Dave Henderson, another example, general manager of a co-op in Elm Creek. He notices the economic downturn that we could possibly find ourselves in in Manitoba. He was very concerned. He took time out of his busy schedule to come to committee. I think he deserved the respect of the committee, not only the respect of everyone listening to his presentation, but also he deserves—in my view, he had a lot to offer. He deserved more time in terms of his presentation. He also deserved more time in terms of questions. He would have a lot to offer to this committee, and I think that's an opportunity lost by this committee by following the rules to the letter and not allowing members of the public to come forward and present their full presentation and to answer questions here at committee.

I look at another presenter, Mr. Negrych, who is a businessman. He lives within his means. He knows that if he doesn't live within his means, he's going to go bankrupt. He has valuable life experience to offer this committee, and I certainly believe that that's another presenter that should have been allowed more time.

Mr. Chairperson: Excuse me, Mr. Hawranik. Speaking of time, your time has expired.

The next speaker is Mr. Graydon.

Mr. Graydon: I think I mentioned to you earlier tonight that you shouldn't shake your head this way. It should be this way, and I'm going to speak to that. I really think that the motion that's been put forward by the Member for Brandon West (Mr. Borotsik) is a good, common-sense motion, Mr. Chairperson, and so I'd like to give you a little bit of background on a campaign because, as you know, I'm a new MLA, one year into this game.

I made a lot of commitments as an individual candidate running in the last election, that I would represent my constituents in a fair as possible way as I could—and if they had a longer mike, I wouldn't have to lean forward. So, in saying that, Mr. Chairperson, the commitments that were made would let my constituents, also, express themselves. I have to say that the Bill 37 that I've sat in on a lot these last few days has been really referred to as a direct result on the freedom of speech, as has been pointed out numerous times throughout the hearing, although I believe the Chair of that committee has shown compassion, flexibility and also common sense. He certainly earned the personal respect from me, from the presenters and certainly for his party with his fair and very unbiased approach, also giving people the opportunity for that extra minute, that extra two minutes. It didn't hurt anyone at all. In fact, actually, the committee has moved forward, and I believe a lot of good ideas have been put forward by the people in that committee.

* (23:30)

But, as I've sat here, and tonight, again, I have to say that I had a couple of constituents of mine, and one of them sat for a long time in this Legislature, I believe, 19 years. Probably the only person here tonight is the Member for The Pas (Mr. Lathlin) that probably has sat as long as Mr. Penner, or longer, I'm not really sure, but Mr. Penner has a lot to offer in those 19 years that he sat here in this hallowed building. He sat through the balanced budget legislation, the debate, an intense debate, and I'm sure a very thorough debate that took place in 1995 with all people participating.

I'm not sure, perhaps the Member for Elmwood (Mr. Maloway) also sat through that debate. Maybe you could verify that, that debate in 1995. I'm not really sure what your history is here and I haven't been able to check with your office either, as has been pointed out. However, I think that there was a

lot of knowledge that was gained through that debate in 1995 and even at that point when the opposition, who are now in power today, the opposition were terribly, terribly opposed to it and made predictions that possibly the world would come to an end, that there would be no freedom left in this province. There would be no development left in this province. There would be no economy left in this province.

They did put up quite a fuss, Mr. Chair; however, in 1999 when they found out this balanced budget was the best thing since sliced bread, they all of a sudden were big supporters of balanced budget and I don't think that it hurt them at all. When they went into that election, I think it actually worked very well for them to say, yes, we are in favour of this. However, nine years later, they're not in favour. My goodness, what's happened. Oh, I understand; I understand; I think I have an understanding. Although some of them may not be good businessmen, I would suggest that the Minister of Finance (Mr. Selinger) does understand what's really taking place in the world economy and what's happening in the United States of America. The downturn in the American economy is certainly going to have an effect and certainly reflect on our economy, and because a third now of our budget, one-third of the provincial budget, comes from the federal government, Mr. Chair.

I would suggest that if there's a big downturn in the United States, we're probably going to see a spinoff at an equal downturn, maybe not as severe in Canada but nonetheless we can see interest rates starting to change. We can see that where debt financing needs to be boosted up, and we can see where possibly the federal government is going to have to take a real strong look at how much money is going to be affordable to provinces like Manitoba who has—what do they refer to us as? Oh, gosh, what's that term I'm thinking of—have not, have not, that's it. Not a have province, we're a have-not province and we're referred to that sort of like we're on welfare or something. It's degrading when I hear that.

I know the members on this side are terribly upset with that type of a term, and I'm sure they are on the other side as well. They just don't show it as well as we do, perhaps, but regardless, I would suggest that that downturn in the United States will have a long-term impact on us here in Canada. So I give the Minister of Finance credit for seeing far enough ahead that he wants to change that balanced

budget legislation that will allow him to run a deficit when he can't meet his obligations. He can't meet the obligations that this province has built up over a period of time, can't meet the obligations of the expectations of some of his Cabinet ministers, and I'm sure he's going to have a difficult time trying to reign them in, in their budgets when the federal transfer funds are cut back.

So he's looking ahead to where it would make life a lot easier for him as an individual and keep his record impeccably clean while he is still in the race looking at the leadership of the party, the NDP party. I'm certain that he wants to have an impeccable track record to go into that race. So I would suggest, and perhaps some of the members opposite weren't aware of his aspirations, but it's been pretty apparent for some time.

So this type of legislation that's being introduced today gives the government that opportunity to prepare the path for a deficit budget. However, when we have people like Mr. Penner who has travelled many miles, in fact, I can tell you it's 105 kilometres one way, and so that would be 210 kilometres out of his own back pocket, or Mr. Martel, who has done the same. Both of those have a wealth of knowledge in either in municipal government or in provincial government. Both of them run a business, and I would suggest, Mr. Chair, that the businesses they run have to have a balanced budget. They wouldn't be able to operate. They wouldn't be able to go before their banker and say to them, look—Bill Urski once said that a deficit is a very healthy thing, and, at that time, I can suggest that the NDP government had run a deficit for at least three and a half years. We were probably the most healthy government in the world then. That was before your time, Mr. Minister. It wasn't in your time, but, of course, I well remember some time before you became a minister of Finance.

At any rate, Mr. Penner's not allowed to do that in his business and he does own a business. Mr. Martel runs a business. Both of them also gave a lot of their time to either municipal politics or to other organizations as well as the provincial government, and they brought their expertise with them, understanding that when they came here, they knew what it was like. And when they came here to present—

Mr. Chairperson: Excuse me, Mr. Graydon. You have about one minute left to get your final zingers in.

Mr. Graydon: Thank you for the interruption, Mr. Chair. But I would suggest that when they did come here to make their presentations, they came knowing full well that they have had to make paycheques. They've had to write paycheques. They've had to make enough money to pay their employees, and I would suggest that the members opposite, not very many of them have ever run a business, have never aspired to run a business, and have no idea what the business principles are. I will give the Minister of Finance (Mr. Selinger), I give him full credit, full A mark because he is setting the path to run that deficit budget. He's running the path for that deficit budget when there is a downturn in the economy—

Mr. Chairperson: Thank you, Mr. Graydon.

The next speaker is Mr. Dyck.

Mr. Dyck: I just want to thank the Member for Brandon West (Mr. Borotsik) for bringing this motion forward, and certainly the essence of this motion is the result of this evening where we're looking for leave to allow those who are attending and giving presentations the opportunity to complete their presentations but also give opportunity for those present here to ask questions.

Now, that was defeated by the government members so, consequently, I know that the Member for Brandon West felt compelled to bring this motion forward. That's the debate that's taking place here tonight. Just on the side, I find also that bringing this motion forward has given opportunity for many of us who were not aware of it, but to congratulate the Minister of Finance for, in fact, looking at the leadership of his party within the province. I do want to wish him well as he aspires to that position.

But coming back to the motion at hand here, I do want to indicate that I do agree with it, as I've said. We have this opportunity to hear those who have experience, the professional people, as we had them give presentations here tonight, coming forward and telling us their experiences that they have had. I know that I had the opportunity to ask several of the presenters questions as to why they felt compelled to come and give a presentation. Of course, their response was, and I think specifically of the one who indicated that he had been in business and still was in business, but he had learned some very difficult lessons when he had first gone into business by overspending. I think it's opportunities such as that that give us, as legislators here, the opportunity to learn from those who have experienced some of these things first-hand. In this case, he indicated he

had well overspent and it had caused him problems later on. I think that's the same thing that we are seeing. We saw this, of course, back in the '80s where overspending took place, and there does come a day of reckoning.

* (23:40)

Mr. Chairman, I want to indicate to you that I also have had the opportunity to be on boards. In fact, I was on the local credit union board for a number of years. During that time, experienced people who had run into problems, whether it was on a personal basis or whether it was when they were in business, they had overspent. I think we hear this on a personal basis, time and time again, where people have, in fact, abused the privileges that they had with their credit cards.

It is something that we need to listen to, to observe and give guidance to those people. It's the same thing that's happening here where presenters are coming forward, giving us their own personal experiences, their business experiences. They're trying to relate this and draw a parallel to us, as government, here and some of the problems that we can run into as well.

Just coming back to my years on the credit union, I remember specifically several businesses where it was young people who had got started in business. They had come to the credit union for a loan and had, in fact, abused the dollars that they got. They had used them for personal purchases; this is what drew them and got them into problems later on.

I would also indicate to you, Mr. Chairman, that, ongoing, any of the credit applications that we looked at and then ultimately approved—the people who came forward for these credit applications—none of them wanted, in fact, to run into financial problems. So we started to use the term that we never made a bad loan; however, what did happen was some of the loans that were made did turn bad.

I would indicate to you that those who personally came out to borrow the money did not intend to go broke. That was not why they borrowed the money. They did not want to do this, but it turned out that they abused the dollars that they had. Of course, that, Mr. Chairman, is where we turned a lot of the loans and, as a board and committees that we had, we started up a mentorship program.

That, again, is similar to what we see taking place here tonight. We have people coming here, who have first-hand information, who have

information that they want to, in fact, pass on to us to indicate to us that these are some of the pitfalls that we can run into.

As I've said previously, there is a parallel between personal, business and government and that you can run into real problems when you spend more money than you have income. That, of course, relates to the province itself. We've had very good revenues within the past number of years; I'm extremely pleased that that is taking place. Yet, though, we see that we have a government here who feels they need to put a motion and, in fact, legislation in place that would allow them to start drawing monies from Crown corporations and move those monies into the government side, in order to balance their books.

Now, Mr. Chair, I feel strongly that this is the wrong way to operate government. It would be the wrong way to operate a business. I think one of the presenters that we had come in here tonight indicated very clearly that, if he had three businesses and two of them were on a continuous basis not making money, ultimately, he would make the decision that he would get rid of the two and stick with the one that, in fact, was paying the bills.

Mr. Chair, I feel it's the same way with government today, that we should not be taking dollars from Crown corporations in order to balance the books provincially. The Province has X number of dollars that they get in every year and that is through taxation, through other forms and revenues that they can access, but they need to stand alone. If, ultimately, there are not enough dollars coming in in order to meet the budgetary needs, then the Province needs to look at different ways of living within its means.

Now coming back to the motion itself, I also feel that, as the Premier has said, no one has a monopoly on good ideas. We have a government here now which has, in fact, put this legislation in front of people, has said that they are open, that they want to listen to the general public and the comments that they would have. They want to allow them to give their thoughts that, ultimately and hopefully I believe, the government members will look at, that they will take them to heart, that they will look at some of the recommendations that are coming out from the presentations and, in fact, apply those and hopefully amend the legislation that is before us in order to be able to live within the means that are prescribed, as many people have indicated so far.

Again, just looking at the presentations that we have had so far, the vast majority have been opposed to this legislation. They have come forward, they have said that we believe it is absolutely important that we live within our means.

They wanted to expound. They had more information that they wanted to give us, but because we were putting a time on the presentations that they were bringing to us that we did cut them off.

We also indicated to them that we were not allowed to give leave to some of the questions that were out there. I know that personally, I had more questions from the people. I'm thinking of Mr. Martel, who came all the way from Altona—*[interjection]*—and Jack Penner. Yes, thank you so much for that. I didn't want to forget Jack Penner. We need to hear from people like this who have—

Mr. Chairperson: Excuse me. I hate to interrupt the honourable Member for Pembina, but I'd ask you to wrap it up with alacrity.

Mr. Dyck: How time flies. I thought that I'd really just gotten started.

I do want to indicate to you that I really feel strongly that we need to allow people to give their full presentation, that we do need to allow people to—and us as the people sitting around the table here, the MLAs, the opportunity to ask questions, so that, in fact, we can get the information that these valuable members have for us, that we can apply that to the bill that is in front of us. Thank you very much, Mr. Chair.

Mrs. Rowat: I, too, would like to put some words on the record regarding Mr. Borotsik's motion to move that the committee recommend to the House that it waive rule 92(2) for this committee meeting to allow all presenters to Bill 38, The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, to present for an unlimited amount of time and to accept questions for an unlimited amount of time from committee attendees.

As a representative from a rural riding, I understand full well the extra requirements needed to get into Winnipeg to be able to present to a committee such as this. I know that the Member for The Pas (Mr. Lathlin) sitting across from me, would also agree that members from northern Manitoba who have an interest in these types of bills and this type of legislation, have to set aside a fair amount of time to get into Winnipeg to be able to present to legislation such as this. So, not only do they need the

time to prepare, they also do need to put aside time to get into the city and make their presentation.

I believe that all Manitobans should be given that opportunity to share their views on legislation such as we are seeing over the last few months being presented in the House, legislation that I think is going to have a significant impact on Manitobans over the next while. As we heard from presenters, this legislation will stay for awhile and this legislation needs to be able to stand the test of time. To do that, and to be legislation that is working in the best interests of Manitobans, we want to ensure that all speakers and all Manitobans have an opportunity to share their views on how they think this legislation would work in their best interest.

* (23:50)

I'm very concerned that individuals like Rick Martel, Jack Penner—and I'm looking down the list, there are others that are coming forward, Nathan Peto from the Brandon Chamber of Commerce. I think that individuals like this need to be given the assurance that when they do come and speak they are given their full credit and time to present their information, to present their ideas and to ensure that they are given a full opportunity to have their views recorded and shared with this committee and also to be given the opportunity to respond to questions from our committee, because the information that they're sharing may not only have come from themselves but come from a group or representative that they represent.

For example, Nathan Peto would be speaking on behalf of the Brandon Chamber of Commerce and speaking on behalf of the business community within the city of Brandon. He would be requesting and expecting this government to give him consideration and sharing the views of the fine city of Brandon.

So, Mr. Chairperson, tonight we heard from individuals like Shaun McCaffrey, a teacher. He's quite concerned about the effects on family that this legislation will have. He shared his concern with the youth of this province and seems to be very concerned, and indicated so, of the exodus of youth from this province to other jurisdictions.

We were just talking about that this weekend, about the issue of families leaving the province and how, even a short 10 years ago, there were so many more people that we connected with who were of our age and our generation who no longer live in this province. They've found opportunities elsewhere and

have set up a very fine life in another province. They do come back to visit, but it's not somewhere that they feel that the government is friendly to their ideas and their beliefs in supporting business and supporting opportunities for people to prosper.

So, it's unfortunate, Mr. Chair, that we live in a province that is not business friendly, that doesn't appear to be paying attention or is concerned about the well-being of our province and doesn't seem to realize that the government may be saying one thing but is actually doing another. The Premier (Mr. Doer) has said, on occasion, that he was not elected to raise taxes, but you look at backdoor taxes that are being implemented through this government's sneaky tax, sneaky ways of trying to penalize businesses or individuals.

The issue of PST being allocated for non-profit organizations who utilize accounting and accounting services, for example. It's interesting talking to a lot of these organizations who are non-profit, such as women's shelters and women's resource centres, who have indicated that they are on a fixed budget, they receive grants from the government to help them, and we hear about that in the House on a regular basis, but what they need to be knowing and need to be hearing more of is the challenges that they face. The grants come to them and then the government increases the PST on services that they need to continue to operate, like the accounting services to ensure that their budgets are balanced and they're audited. So, in a sense, it's a clawback to these types of organizations.

So, I see that this government needs to be more aware about the legislation that they put in place. You know, Manitobans are becoming very aware of regulations that are coming into place and how they are directly affecting their operations and their businesses. Several of my friends in the community that I live, Souris, own businesses. One of my best friends owns a flower shop. Another owns a grocery store. These are women entrepreneurs, women who run and own businesses in rural communities. They've put their heart and soul into running these businesses and are continually challenged by this government's lack of concern or lack of support for what they do for Manitobans.

Rural Manitoba needs to see more small businesses, more entrepreneurs, and what we see is this government continuing to tax and to take away from the opportunities of people like Debbie Butler, who owns Plaza Petals, and Colleen Robbins, who

owns the corner store. We need to see government embracing and celebrating what these women are doing in communities where they live. They're continually volunteering within the community. They provide not only business supports, but they also provide volunteer supports and are recognized for this within their communities.

These are two women who would love to come in and provide their stories and their reasons why they believe that Bill 38 would do nothing to support what they're trying to do to grow the economy within Manitoba. So I think what this government needs to do is listen to individuals like Debbie Butler, Colleen Robbins and listen to the reasons why they do not believe that they're being listened to or supported by this government.

I believe that if the government would support the motion put forward by Mr. Borotsik in allowing unlimited amount of time for presentations and questions, these women would take the time to come in and share their stories—

Mr. Chairperson: Excuse me, Mrs. Rowat. You have one minute left. Thank you.

Mrs. Rowat: Thank you, Mr. Chair.

So, in closing, I support the motion put forward by Mr. Borotsik. I believe that if you what to be a true government that is accountable and open and is willing to be accessible to this process, then I think that you should be putting your money where your mouth is and opening up this process to ensure that all Manitobans have a right to speak to this bill and how it will affect them.

Thank you, Mr. Chair.

Mr. Chairperson: Before we go to the next speaker, as was announced in the House this afternoon, this committee will also meet on Wednesday at 10 a.m. and 6 p.m. *[interjection]* That's in addition to tomorrow.

Mr. McFadyen: I'll defer to Mr. Faurschou.

Mr. Faurschou: It is a privilege for me to have the opportunity to participate in the discussion as it pertains to the motion moved by the honourable Member for Brandon West. Indeed, I do support the motion that we as a committee see fit to waive the section 92(2) of our House rules in order to accommodate the individuals that effectively have volunteered their time, incurred personal expense in travel, and are willing to share their experiences and understanding of finance and the province that they all obviously are very passionate about. I think it is incumbent upon ourselves as legislators, as elected individuals, to represent the best interests of Manitobans by allowing whatever time necessary to extrapolate and benefit from the individuals that are making presentations.

I would like to recognize the individual that was the former Finance Minister, Mr. Manness, who presented last evening, and it was his time in office to which the greatest of challenges to any Finance Minister occurred. There was over a billion dollars of transfer payments from the federal government that were cut during his tenure as Finance Minister. If one just takes for a moment and thinks about the magnitude of that impact upon the finances of our province, that's over \$1,000 per man, woman and child, which is—

Mr. Chairperson: Excuse me. I'm sorry to cut you off. You'll have eight minutes left when this committee resumes.

The time being 12 midnight, in accordance with rule 92(5), committee rise.

Please leave your copies of the bills for tomorrow's meeting. Thank you.

COMMITTEE ROSE AT: 12 a.m.

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