

**Second Session - Fortieth Legislature**  
**of the**  
**Legislative Assembly of Manitoba**  
**Standing Committee**  
**on**  
**Social and Economic Development**

*Chairperson*  
*Ms. Melanie Wight*  
*Constituency of Burrows*

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Fortieth Legislature**

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

**Friday, July 5, 2013**

**TIME – 6 p.m.**

**LOCATION – Winnipeg, Manitoba**

**CHAIRPERSON – Ms. Melanie Wight (Burrows)**

**VICE-CHAIRPERSON – Mr. James Allum (Fort Garry-Riverview)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

*Hon. Messrs. Bjornson, Struthers*

*Mr. Allum, Ms. Crothers Mr. Dewar, Mrs. Driedger, Messrs. Eichler, Helwer, Maloway, Mrs. Rowat, Ms. Wight*

**APPEARING:**

*Hon. Jon Gerrard, MLA for River Heights*

**PUBLIC PRESENTERS:**

*Mr. Walter Hill, private citizen*

*Mr. Fred Tait, private citizen*

*Ms. Michelle Gawronsky, Manitoba Government and General Employees' Union*

*Mr. Henry Siemens, private citizen*

*Mr. Randy Baldwin, private citizen*

*Mr. Dave Mouland, private citizen*

*Mr. Dennis Lewycky, Social Planning Council of Winnipeg*

*Mr. Josh Fisher, private citizen*

*Mr. John McDonald, private citizen*

*Ms. Kristina Poturica, private citizen*

*Mr. Jeremy Friesen, private citizen*

*Mr. Roland Stankevicius, private citizen*

*Mr. Walter Bryk, private citizen*

*Ms. Maria Collard, private citizen*

*Mr. Cody Dzik, private citizen*

*Mr. Darrell Rankin, Communist Party of Canada-Manitoba*

*Mr. Thomas Dobson, private citizen*

*Mr. Gary Watkins, private citizen*

*Mr. Alex MacDonald, private citizen*

*Mr. Clay Purvess, private citizen*

*Mr. Brian Davis, private citizen*

*Ms. Rosemary Hnatiuk, private citizen*

*Mr. Jeff Koziuk, private citizen*

*Ms. Wendy Land, private citizen*

**WRITTEN SUBMISSIONS:**

*Johnathan Fahr, private citizen*

**MATTERS UNDER CONSIDERATION:**

*Bill 20–The Manitoba Building and Renewal Funding and Fiscal Management Act (Various Acts Amended)*

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**Madam Chairperson:** Good evening. Will the Standing Committee on Social and Economic Development please come to order.

I'm going to talk as loud as I can so I'm hoping that you'll be able to hear me back there, you seem like you're a long way away.

Our first item of business is the election of a Vice-Chairperson. Are there any nominations?

**Mr. Gregory Dewar (Selkirk):** Thank you, Madam Chair. I nominate Mr. Allum.

**Madam Chairperson:** Mr. Allum has been nominated. Are there any more nominations?

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

Okay, this bill—this meeting has been called to consider Bill 20, The Manitoba Building and Renewal Funding and Fiscal Management Act. As per agreement of the House dated June 20th, we have 26 people scheduled to speak on Bill 20 tonight. And you have the list of those presenters before you, which is also posted at the entrance of the room.

We also have a gentleman who called but is not on the list, and I'm just going to ask the committee if he has leave to present at the end of the list, so he knows ahead of time if he has that leave.

So is it the will of the committee to let Mr. Koziuk to be added to the list at the end? *[Agreed]*

Thank you so much. So you're added.

On the topic of determining the order of public presentations, I will note that we do have—I'm assuming we do have some out-of-town presenters, and they're marked with an asterisk on the list. With

this consideration in mind, then, in what order does the committee wish to hear the presentations?

**Mr. Ralph Eichler (Lakeside):** Tradition has it that we normally hear out-of-town presenters first and ask leave of the committee for that to happen once again.

**Madam Chairperson:** Is there leave of the committee for the out-of-towners to go first? *[Agreed]*

I would also like to remind members of the committee that, in accordance with the agreement mentioned before, the committee may also by leave decide to hear from presenters in addition to those scheduled for tonight's meeting.

Before we proceed with presentations, we do have a number of other items and points of information to consider.

For the information of all the 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 the photocopying, please speak with our staff. They'll help you.

As well, I would like to inform presenters that, in accordance with our rules, there's a time limit of 10 minutes allotted for presentations, and then an additional five minutes allowed for questions from committee members.

Also, in accordance with the rules agreed in the House for the meetings hearing from presenters on Bill 20, if a presenter is not in attendance when their name is called, they will be dropped to the bottom of the list of tonight's presenters. If the presenter is not in attendance when their name is called a second time tonight, they will be dropped to the bottom of the global list of presenters.

A written submission on Bill 20 from Mr. Johnathan Fahr has been received and distributed to committee members. Does the committee agree to have this document appear in the Hansard transcript of this meeting? *[Agreed]*

Now prior—this is about speaking in committee, so prior to proceeding with public presentations I would like to advise the members of the public regarding the process for speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. So each time someone wishes to speak, whether it's an MLA or a presenter, I first have to say the person's name so that the

Hansard people, who are behind me here, will know who it is that's speaking when they do the transcribing. Okay, so that's the signal. When I say your name, then you speak. Okay?

Thank you so much for your patience and we are going to now proceed with the public presentations.

So and as we mentioned I will start with all of the out-of-town presenters in order that they appear on the list and then we'll go back to the top, okay?

So our first presenter will be Walter Hill. And Mr. Hill, do you have any written materials for distribution to the committee?

**Mr. Walter Hill (Private Citizen):** No, I do not.

**Madam Chairperson:** Okay, then, please go ahead with your presentation.

**Mr. Hill:** Thank you very much for this opportunity to speak to Bill 20. I'm going to speak firstly about how this bill and the other taxes that I have to pay in Manitoba and elsewhere affect me personally and then I want to talk about, hopefully, a couple of things that, after reading Hansard, haven't been introduced, because as I read the newspapers and I read Hansard, I see the same theme and the same things being talked about again and again and again. If I'm lucky, I'll have something new.

\* (18:10)

I'm a retired senior. I have two children and four grandchildren. My youngest daughter lives in Alberta and she's, thankfully, self-sufficient. My eldest daughter and grandson, unfortunately, struggle very hard to make ends meet. My eldest daughter shops frugally at Value Village and Salvation Army thrift shop, and so on, and she and her grandson—and my grandson look to me for any extras: shoes, sports equipment, school excursion fees, a bicycle, new clothes and so on. They live in Winnipeg. I live in the Whiteshell Provincial Park, which is a great privilege. I'm on an old family lot that my mother purchased—or leased—in 1953, and has been passed down in the family, and now to me. We moved to the Whiteshell in order to reduce our cost of living. You know, it was costing a lot of money to live in the city of Winnipeg. But now that I'm retired, my income is from Old Age Security and Canada Pension Plan and my savings. I don't have any defined benefit pension plan or any of that kind of stuff.

Now, the tax increases over the past two years, including the expansions of the PST, the additional fees for vehicle registration, park pass went up

another \$10 this month—or this year. Fuel taxes, my Hydro bills, income taxes due to bracket creep, I've—I worked out—I actually went back and calculated—I'm paying \$1,100 more this year than I did two years ago. And it's not for anything.

Now, Conservation Manitoba has decided that all us fat cats in the Whiteshell that live in million-dollar mansions have been paying too little for our service fees, and they're going to raise my service fees from \$1,200 a year that I pay now, they're going to raise now—them now to \$4,500.

Conservation tells me they're going to phase in these increases so that I have time to adjust. Well, how'd they like me to adjust? What am I going to—am I going to cut out what little support I'm able to give to my daughter and my grandson? You know, they—they're finding—they're going to spend a hundred million dollars on Manitoba, the parks plan, which is a grandiose plan that they put together without even consulting the Whiteshell Cottagers Association. They were absolutely blindsided. One week after their last meeting of the executive and Conservation Manitoba—a 28-page, full-colour brochure comes out that says they're going to spend a hundred million dollars.

And the reason I'm supposed to pay all this extra money is because if I lived in the RM of Lac du Bonnet, that's what I'd be paying. If I was in Lac du Bonnet, I'd have schools, I'd have the seniors club, I'd have a community club, I'd have a library, I'd have a clinic, I'd have policing. I'd even get my road plowed. I don't—I have to pay \$80 every time it snows, and it's all because I live in a different place. You know, they—the 'comparis'—I don't get any services. But they want me to pay for them anyway.

Well, anyway, the bottom line is that this extra 1 per cent is going to be a tough burden. Thank you very much for putting it on. I'm not going to talk about how it was put on, because Manitobans are mad about how it was done. It's amazing, as I talk to people, how many people say, well, you know, the 1 per cent's not really the killer, but how it was done is exactly opposite. So, anyway, that's how it affects me.

But I've got a new topic. And previous speakers have talked about the government waste, and I'll spare any further recitation. But I want to speak on the topic of why this government is promoting the profligate spending that's going on, that's requiring this 1 per cent increase. The public probably thinks

that the Manitoba government is run by Premier Selinger and Cabinet. I think they're mistaken.

The actual reins of power in Manitoba are held by a consortium of people you don't hear much about: Michelle Gawronsky, Mike MacKinnon, Kelly Moist, Sandi Mowat, Paul Wilson and 10 or 20 more. I'm sure that everybody in this committee knows who those names are. Collectively, this group lobbies the government to make sure that their membership continues to expand, regardless of the damage to Manitoba's non-union citizens. With all the public sector initiatives that expand the union membership, including the floodway, Bipole III, the northern dams, and we could all list off a hundred more. Each of these were—each of these projects requires the workers to pay union dues under the guise of no labour interruptions.

I submit to you and the people of Manitoba: this government is using taxpayer funds to pay off the big unions, so that when the next election is held, there will be television, radio and newspaper ads from the unions casting all manner of fears on the electorate if they don't re-elect the NDP. The accusations will be as creative as they possibly can be, and it'll be sell Hydro, fire all the nurses, fire all the teachers and all that good stuff. Won't cost the NDP a nickel because it's the union dues that are paying for it because of all these projects that have been required.

In Québec, a 2 and a half per cent kickback to the political parties in power is going to result in people being charged and possibly going to jail. In Manitoba, the NDP just washes the kickbacks through the big unions, and it's all perfectly legal.

It was a dream of Ed Schreyer and Gary Doer was to have Manitoba's hydro be the oil of Manitoba. What a 'stad'—sad state of affairs we're now in. Hydro has to increase rates to cover the follies of the past; it'll have to do it to cover the follies of the future. The present board of Hydro couldn't manage a lemonade stand properly without having to charge \$10 a glass. The \$224 million in consulting and legal costs for hydro: thinly disguised bribes using consulting companies as middlemen. If Enbridge were to funnel \$224 million to the northern BC and Alberta Aboriginal bands to encourage acceptance of the northern gateway pipeline, they'd be castigated in the press for influence peddling, bribery and what else—whatever else could be dreamed up. In Manitoba, when Hydro does it without a single invoice being made public, it's business as usual. Almost fell out of my chair when I read a quote from

minister Cherniack [*phonetic*] last week. Said: It's not the business of Manitoba government to interfere with the affairs of Manitoba Hydro. What planet does this man live on? As minister responsible for Manitoba Hydro, hasn't he even heard of Bipole III?

This is—it's crazy.

My conclusion: Manitobans can't afford another tax increase. And yet I fear in the next two years we'll see more of the same. It'll hit the poor and seniors far harder than anyone else, exacerbating the social costs to Manitoba. We need less government, not more. We need fewer civil servants, not more. We need reasonable and rational civil service wages, not Cadillac salaries, pension plans and employee benefits. Manitoba's budget has grown at rates well past inflation and population, and it's not for teachers and 'nurches.' It's certainly not for welfare rates. It's this government lacking the courage to make the tough choices and say no to waste and mismanagement and to the bosses of the civil service sector—public sector unions. Thank you.

**Madam Chairperson:** Thank you, Mr. Hill.

Do members of the committee have questions?

**Hon. Stan Struthers (Minister of Finance):** Thank you, Mr. Hill, for coming in and advising us here tonight. I was interested in what you had to say about the floodway around Winnipeg and for the reasoning—your belief that that was put in place to provide jobs for union memberships. Is your advice, then, that we—because part of our doing with the PST is dedicating this to flood infrastructure and doing the same sort of thing for Lake Manitoba and Assiniboine River, as we did for the city of Winnipeg, which saved probably \$35 billion in flood costs that came along. Is your advice, then, that we don't proceed with flood infrastructure on—in other parts of Manitoba? [*interjection*]

**Madam Chairperson:** Mr. Hill.

**Mr. Hill:** My advice is not to proceed with works that are required, but my advice is also to not require that all the contractors have unionized employees. I think that there's a cost to doing that, and I think the cost of doing that would exceed labour disruptions depending on how it's handled. This is an unnecessary extra cost.

**Madam Chairperson:** Thank you.

**Hon. Jon Gerrard (River Heights):** I just—you use some pretty strong language in terms of saying that

Manitoba Hydro is using bribes and so on, and I just wanted to give you a little bit more of a chance to explain, you know, why you described this as bribes. [*interjection*]

**Madam Chairperson:** Oh, wait. Mr. Hill.

**Mr. Hill:** Sorry.

**Madam Chairperson:** Mr. Hill, sorry. Go ahead.

**Mr. Hill:** I didn't say that they were bribes. I said that they would be viewed by the—if Enbridge did it in northern BC, that's what they would be called. Now, the way that Hydro has managed to put \$224 million out there, it's not traceable back to Hydro because of the way they've done it. I mean, they can't produce an invoice, apparently, to show how it was done after repeated calls for it, and, of course, these monies are not paid by them directly as—they're being paid through consulting firms and various other mechanisms.

**Madam Chairperson:** Thank you.

**Mrs. Myrna Driedger (Charleswood):** Thank you, Mr. Hill, for your presentation tonight. Can you just tell us a little bit more about the \$1,100 more a year in taxes. The NDP government seems to want to downplay what their increased taxes, expansion of taxes and increased fees have done to Manitobans in the last two years, and you are actually, you know, telling them that for you, personally, you're being charged \$1,100 more a year in taxes. Can you just explain a little bit more about that? [*interjection*]

**Madam Chairperson:** Mr. Hill.

\* (18:20)

**Mr. Hill:** Sorry—I didn't bother reading you the list, because I didn't know if anybody'd be interested. PST on my house insurance, \$120; vehicle registration, another \$30; park pass, \$10; fuel tax, \$70; Manitoba Hydro, \$144; \$150 for bracket creep. None of this, by the way, is the extra 1 per cent. Four hundred dollars on the 1 per cent that I have to pay on everything else; 3.5 per cent on hydro, that's another \$84. That—these are coming up: Provincial park land rental, additional \$55; park service fees, \$200 more per year, every year for the next 10 years, as they ramp up so that I can—so that I'm paying \$4,500 instead of \$1,200 and I'm not getting any additional—oh, sorry, I'm paying my share of the hundred-million dollar park land.

Now the problem with that, by the way, is that since 2005 the Whiteshell Cottagers Association has asked the Manitoba government to provide information on how much it cost to run the north and south Whiteshell park districts. They can't do it. We took them to court in 2005. They said, our computer system won't tell us. Eight years later, we've asked them again and they've said—and this time they refused to provide the information and now we're taking them back to court again. And, in the legislation, the governing Conservation Manitoba, it says that the minister is required to provide that information.

Now the argument for raising the \$4,500—for raising people up to \$4,500 is because we're supposed to pay our share, and yet they can't tell us what it costs so.

**Madam Chairperson:** Thank you. We have about eight seconds left.

**Mr. Reg Helwer (Brandon West):** Thank you for your presentation, Mr. Hill. I'm just wondering, the numbers that you spoke of there, is that including the PST increase or prior to?

**Mr. Hill:** Prior to. It is including PST—

**Madam Chairperson:** Sorry. Mr. Hill, just briefly. We're out of time, so just briefly answer.

**Mr. Hill:** Yes, sorry. It wasn't including PST, but, when I'm looking at July 1 on, as we tick over three quarters of a million dollars a day in new taxes that's coming at me.

**Madam Chairperson:** Thank you. Thank you very much for coming out tonight. Our next presenter, also from out of town, is—oh, sorry. Before I do that, we did have one other presenter come in who also wanted to know if they could have the leave of the committee to present at the end, and so that is Ms. Wendy Land.

Do we have the consent of the committee to do that? *[Agreed]* Thank you so much. So ordered. We will add her to our list.

I also forgot to tell the presenters that at nine minutes, I will give you just a little signal that you have one minute left so you kind of have an idea to wrap up. All right? Thank you.

So our next presenter, then, is Mr. Fred Tait. Do you have any written materials, Mr. Tait?

**Mr. Fred Tait (Private Citizen):** No, I don't.

**Madam Chairperson:** Okay. Thank you. Please proceed.

**Mr. Tait:** When one were to, as a citizen out seeking accommodation in this city this evening—one would expect there's a relationship between the price of that accommodation and the quality of that accommodation. And the same rule applies when one is seeking what I call the public accommodation in services we provide to one another through different levels of government.

And, in my long lifetime, I've had some very vivid experiences with accommodation—public accommodation. In 1958, at about exactly this time in July, my father took suddenly and critically ill, was hospitalized for three months afterwards. Didn't live—never worked again. Lived another six years before he died, but at 16, the oldest in the family, I was left to run a farm. The labour on a farm, at that time, was unbelievable because it was a lot of manual labour, but it was also the decision-making process that thrust upon you at 16.

I was successful. I kept the family on the farm, kept the farm operating, but there's one thing I couldn't have done. I couldn't have paid the medical bills. It was hospitalization that saved my farm and saved my family. I never forgot that.

Later on, when I had a family of my own—two small sons—work was scarce. It's expensive starting a family. Every visit to the doctor, which was regular with vaccinations and doctors checking on the progress of young children—at the end of every visit, I walked and paid \$10 to cover the visit. One day, I walked up to pay at the end of the visit, and the lady said, oh, but Mr. Tait, we have Medicare now. You don't have to pay any more.

Years later, as I became quite accomplished in pipeline construction and heavy-equipment operator, my income tax level reached five times what my gross income had been years before, and I never regretted one penny of that taxation. My peers complain bitterly. I said, no, I'm paying for that accommodation that other people in this province provided me to help me raise my family and save my farm. And I'm also making payments for the services I'm receiving today, and I'm making some payments for services I may need when I retire and become a frail senior.

And I compare my generation today, and the services that are available to me as a senior, to the life of my grandparents in the 1950s, in absolute

poverty and despair with little hope. I see things like seniors housing assistance. I see my neighbour with both knees replaced, hip replacements, home care, and taxation adjustments to accommodation by age. And what a wonderful thing I've come to see. But these things don't come for free. They come because it's a civilized place that is supported by taxation.

In 1963, I bought the place where I live yet today with my wife. The road in front was largely often impassable—made almost a career of towing people out with my tractor. My farm was subject to localized flooding with thunderstorms and spring runoff. Today, that road in front of my farm is a paved highway. The drainage beside it has been refurbished five years ago by the Province with an investment of \$900,000, and I tell you, I never thought I would see this in my lifetime, but taxation made all these things possible. And I have to compliment the people from the McGregor Transportation district office that maintain the highway, wonderfully done, great people doing a great job. Makes my life so much better.

But for the issue at hand, is that I've been asked as a citizen to contribute a hundred dollars contribution towards accommodation for every \$10,000 of purchases of taxable items that I purchase. My answer to that is yes, because I live in a good place. And it's a good place because of what people have contributed to make it that good place.

And I listen to the medium and I see that the AMM—they take the position that they don't oppose the tax; they just want the Province to collect the tax and give it them. They'll do the spending. You tax; we'll spend. That's a great formula. If you're a rural government or a city government official, I can see the logic to their thinking, but I can't see why a government would do that, frankly. And I also would point out to them that the Province has, through its education levy transfer off of local levy, has left a great gap. If local government was thinking about it needed money for infrastructure, there's a great gap there. They could utilize part of that.

I also see the Manitoba Chamber of Commerce taking a similar view, saying, well, you know, we're not opposed to the tax, but we think we have a vote. And I would hope that in their consideration of a vote, they would make a side trip to California and see how votes on taxation affect a state. And on the way back, stop in Arizona and have them explain how tax cuts led to a situation where the state legislature sold the legislative building to private

enterprise and are leasing it back to accommodate the tax cuts. That would be an interesting experiment for them.

And I also couldn't help but notice a few days ago the mayor of Winnipeg was here at this podium and he lamented about the state of city infrastructure and forgot to mention that a property tax freeze in the city of Winnipeg that lasted several years led to the depreciation of the infrastructure to a state it's in today. That was not the Province's doing. That was local government's responsibility for doing that, and now it's the Province's fault because it happened. They took the credit for the tax cuts and the Province is to assume the responsibility for the resulting chaos—totally unacceptable.

And then he went on to say that he wanted accountability; he wanted every penny accounted for. And I thought, from you, that doesn't sound so good, because there's some issues about fire halls, property swaps, investments in real estate, and so on, that I think perhaps he should've thought more before he spoke about these things.

\*(18:30)

But then I look at some options and the opposition wants a vote. And if we're going to have a vote, let's have a vote on options. And I would suggest that if we need a vote, we would have an option of the 1 per cent PST or the other option would be to put a levy on higher income brackets that would raise the same amount of money and let the public vote on those two options.

Now, in that process, perhaps we could have an intelligent discussion about the merit of consumption taxes as opposed to taxes on income and the effects of both of those options on economy. And perhaps they, based on my experience over decades, I suspect in such a situation the opposition party would favour a sales tax.

I suspect the other side of the equation, like the Canadian Centre of Policy Alternatives, a trade union movement, and socialist activists groups would argue in favour of increasing the tax on higher income Manitobans. And that would be a fair debate.

The government would facilitate the process; that would be the government's role in that.

So I have to conclude my remarks by saying that this is a great place that I live in. In fact, it's a wonderful place compared to where I started out. And I want it to stay that way. Wherever I'm going I

know I'm more than halfway there. And I don't want to see left behind the possibility we're going to go back in another time where I started from. I've been there, I've seen that, I've done that, and the deal that I have made as my role as a citizen in society to fund where we are today was worth every nickel and every hour of labour I put in to supporting where it is today.

And thank you.

**Madam Chairperson:** Thank you, Mr. Tait, for your presentation. Do members of the committee have questions?

**Mr. Struthers:** Yes, thank you, Mr. Tait, for coming in. I appreciate the advice that you've brought to this committee. I was especially struck by your story of how Medicare saved not only your farm but your family back in the '50s.

I would like your impression of what that—of what would happen to a young family in Manitoba should Brian Pallister get his way in which he said that he would invoke a two-tier, private, for-profit system to health care. That's his preference; that's what he would do if he had the chance. Where would that leave Manitoba farm families? *[interjection]*

**Madam Chairperson:** Oh, sorry, sorry—*[interjection]* Wait. Mr. Tait.

**Mr. Tait:** Okay—not only from Brian Pallister but I've heard it from other sources. Without it, we're providing an example where it is in the world that private health care, or a combination of private and public has created a better system at a lower cost.

Because I often think, Minister, that it's not the taxation they're opposed to, it's the social programs that that taxation makes available. I think that's the really—at the heart of it.

**Madam Chairperson:** Thank you.

**Mrs. Driedger:** Thank you for presentation, Mr. Tait.

And just to correct the record, that the minister just put misinformation on the record. There has never been any comment by our leader in regards to promoting two-tier health care. And I would indicate that this government has already gotten multi-million dollar contracts with two private clinics that is servicing Manitoba well and the Minister of Health (Ms. Oswald) is totally okay with that and is on record saying that that's acceptable. So the minister

was trying to go down a slippery slope right now, and I just want to straighten that out.

But thank you very much for your presentation tonight.

**Mr. Tait:** Yes, if I might add to your comment, quite often the privatization of a former government service, this so-called efficiency comes at the expense of a lower wage scale and lower benefit scale to the people that are employed. A family member of mine went through that deficiency at a significant decline in income and benefits.

**Madam Chairperson:** Thank you.

**Mr. Gerrard:** Thank you, Fred. And as one who has been down the road and been to your home, I can appreciate the improvements that have come over the years and, certainly, that's been a valuable contribution.

I just want to clarify one thing. It seems that you're not entirely opposed to a referendum if it was done right. And I would also ask you to comment about, you know, there's a referendum on a PST, there's a referendum on Manitoba Hydro—is the referendum on Manitoba Hydro privatization, is that a good idea?

**Mr. Tait:** It's not a good idea, because what will happen in a referendum to privatize Manitoba Hydro is that if it's privatized, if it's a yes vote, then all citizens of Manitoba will likely get a \$5,000 share offering. It will be a purchased vote. That's exactly what will happen there.

**Madam Chairperson:** Thank you.

**Mrs. Leanne Rowat (Riding Mountain):** Two points—one point: You had mentioned that it was the opposition's desire to have a vote. Actually, my understanding is it's Manitobans' right to have a vote because that is presently how the law speaks. So—and that's just a point.

And then with regard to your indication that freezing tax dollars in the city of Winnipeg, this government has actually frozen taxes on universities—or in tuition freezes on universities. I'd like to know what your opinion is of how that has actually helped or hurt universities in Manitoba by having a tuition freeze.

**Mr. Tait:** I have some quite concern about that because it's not only a trend in Manitoba, but what it

has done is required university to seek private-source funding, and the private corporations then control the work that's done at universities. And that is not healthy for a society. And so from that ground I would rather see public funding of universities. In fact, I favour a proposal as put together by Tom Kent, probably 30 years ago, which I thought was quite practical.

**Madam Chairperson:** Thank you. We have just a few seconds, if anyone has another question.

**Mr. Struthers:** Well, Mr. Tait, the Conservatives can run, but they can't hide on what their leader has said. Not only did Brian Pallister talk about a two-tiered for private profit system on CJOB for everybody to hear, but he also talked about a \$550 million across-the-board cut.

**Madam Chairperson:** I'm sorry; time has expired.

I am going to just do this, please, because it's my fault; I didn't tell all of you, all my MLAs, just to—*[interjection]*

Oh, sorry; thank you so much, Mr. Tait. I apologize; I'm new at this, so I apologize to everyone. I didn't read this at the beginning, and I should have. Please sit down. Oh, did you have—was there a question?

Okay, guys. This is all my fault, so we're going to just start again, and I apologize to everyone, okay. So, what we're going to do—I should have said this at the beginning, is, first of all, when it comes to the questions, committee members need to address the presenters simply on questions connected to their presentation, if folks could. If everyone could do that in the room, we would do well, and then when I get—if there's been a question asked by the five minutes, then the person will certainly be given the time to answer. But, if there has not been a question asked and we hit the five minutes, then we're going to stop. So, if maybe we could just be very quick, sort of, with our questions and get them out. So I do apologize for that, but it is only five minutes. So, if that's okay. I mean, I can put that to the committee as a—if that seems fair—*[interjection]*—no, that's okay? All right. All right.

Just so everyone knows, so that is my fault. I apologize to the room. And we will move on to our next out-of-town presenter, Michelle Gawronsky.

And, Michelle, do you have—thank you; yes, we'll get our staff to help you. I'm sorry. Would Mr.

Siemens be willing to wait until just following this lady? *[interjection]* Is that okay? Thank you so much. It's my fault.

I think I might be saying that a lot tonight. It's my fault. We'll just get it out of the way right now, okay. Whenever there's a problem, it's my fault.

So, if you would like to go ahead with your presentation. Thank you so much.

**Ms. Michelle Gawronsky (Manitoba Government and General Employees' Union):** Thank you very, very much, and thank you, committee, for allowing me to speak tonight. Yes, my name is Michelle Gawronsky, and I am the very proud president of the Manitoba Government and General Employees' Union. I wish my colleague was here right now, so I could introduce myself to him.

\* (18:40)

The MGEU represents approximately 40,000 workers from across this province, and the MGEU members work in various sectors, including the civil service, special operating agencies, Crown corporation, regional health authorities, community agencies, and the private sector itself.

I'm not an economist nor an expert in any government finances, but I have over 30 years of experience working as a paramedic and in health care in Manitoba. And I speak to public employees and I speak to the public, I speak to family members and friends daily, so I know exactly what's going on in and around me.

MGEU members are on the front lines delivering services and they have great insight into their workplaces. Bill 20 is, of course, particular interest to MGEU members. Not only are they taxpayers, they are also employees that carry out the agenda of the government of the day.

The Manitoba government has a revenue problem in general, not a spending problem.

This government has cut \$1.2 billion from revenues through tax cuts since it took office. The federal government is squeezing the Province by limiting transfer payments, which makes up just under one third of the government's revenue. Federal transfers have levied off in the past years, yet the population and the needs of Manitobans continue to grow.

The Canadian health transfer is scheduled to decrease, once again, in 2017 to 2018, putting a huge

strain on our health-care system. On top of that, the Province is stepping in to rescue program areas that the federal government is offloading. This is a dangerous combination that threatens public services in the future. Meanwhile, the needs of the boomer cohort continue to grow.

Manitobans over the age of 65 will increase nearly 20 per cent of the province by 2026. Home-care attendants cared for 14,217 clients in 2011 and 2012, a 4 per cent increase from four years earlier, and none of us are getting younger. The need for a strong combination of home care, personal care homes and hospital services are essential.

There's been an investment in our justice system, but a brief look at the numbers indicates that these increases are necessary and more still needs to be done to address the ballooning inmate population. The number of inmates has skyrocketed a hundred per cent in eight years, impacting rehabilitation and the safety of everyone in our institutions.

Since 2006, the number of children in care has increased from 6,629 to 9,730 in 1912—or 2012. Keeping our children safe and preventing future—further future tragedy is invaluable to us.

Our province has an infrastructure deficit which receives much attention but very little action over the years. Manitobans value safe highways, passable bridges, well maintained city streets and roads to get us to work.

Manitobans need better flood protection to ensure the communities and homes we are in are kept safe.

And congratulations to Manitoba. I understand the city of Winnipeg has actually done well under—with Globe and Mail. We are one of the three cities cited in the world with our flood protection, so congratulations for that.

Ten departments had their budgets decreased this—in this year's budget. The Department of Conservation and Water Stewardship, for instance, saw its budget slashed by 6.2 per cent, leaving fewer people to keep our campgrounds clean and safe, and to manage our waterways and our natural legacy.

Aboriginal and Northern Affairs, Healthy Living, Seniors and Consumer Affairs, children opportunities and youth, and Finance, and along with other departments, will also see budget cuts this year.

Grants to universities and colleges were reduced by half of the promised increase.

Offices were closed which impact services to rural Manitoba.

Those providing the services are feeling the strain. The civil service will be reduced by 600 jobs in the next three years—600 people out of work. Working people are spending people. That's going to hurt not help.

The number of casual employees is rising steadily. Seasonal employees are either not being recalled or are being—are delayed in getting back to work.

Services will not be sustained with this gap in the public workforce. I've spoken to members who describe the growing stress and burnout rates in some of their areas. Their co-workers retire and move on, but their position is never filled, yet Manitobans are relying on these services.

Manitoba has a revenue problem, not a spending problem. The PST is not the fairest revenue option, but it does provide the government with much-needed funds. This government also chose to provide some relief to low-income earners through the shelter supplement and the investing in a social housing. We applaud the move for—towards closing the gap between the high- and low-income earners, but feel there is still much that needs to be done.

During the prebudget consultation period, we stated that very—every revenue option should be on the table for discussion. We refer to a system that asks proper—profitable corporations and those individuals who have done well in our economy to contribute a bit more. Over 80 per cent of Manitobans agreed with this public poll last January. We also questioned the use of a referendum as a responsible step forward in determining fiscal issues. Referenda are highly contentious and are often very divisive process, not to mention the high cost outside of an election period. The question of fiscal issues, revenue and spending are best left in the hands of the Legislature and the ultimate referendum will be on election day when Manitobans can judge the government for themselves.

The MGEU supports the spirit of Bill 20 like other organizations including the Business Council of Manitoba and the Manitoba Heavy Construction Association. We may not agree with every aspect, but there is a broad consensus among several groups that Manitoba has a revenue problem. Manitobans count on public services every day. We believe that we all contribute to the society we live in and the

society we want to see. Because we know Manitobans greatly value their public services, in January 2013 poll most said maintaining or improving public services was their top priority ahead of reducing taxes and balancing the budget. Contributing a little more to care for the most vulnerable, protect our environment and build infrastructure is well worth this investment. Thank you.

**Madam Chairperson:** Thank you, Ms. Gawronsky.

Do members of the committee have questions?

**Mr. Struthers:** Thank you very much, Ms. Gawronsky, for your advice tonight.

You had talked about public services and you talked about the importance of public services and the importance of infrastructure. Bill 20, which is the bill we're here talking about tonight, puts in place the ability to raise revenue and then direct that revenue into infrastructure. Our government made a decision to do that on the revenue side rather than cutting services.

Now, as I said in a previous question, Mr. Pallister has said very clearly that his view is that they—we should cut across the board, indiscriminately every department by 1 per cent, which totals \$550 million worth of cuts. What would that do to the services that you talked about in your presentation tonight?

**Ms. Gawronsky:** The services Manitobans enjoy would not be there, and I don't know if Mr. Pallister or anyone else would then like to learn how to run it greater because I don't know who would be there to keep the roads open for our ambulances to get out there to provide the services that our hospitals provide. So to be able to cut that would definitely hurt badly.

**Madam Chairperson:** Thank you.

**Mrs. Rowat:** Thank you for your presentation.

I noticed there was only one sentence in your presentation with regard to the impacts of services to rural Manitoba. That—it is a serious issue in a lot of the communities and you're talking about if—in response to the Finance Minister—if services will not be available as they expect in communities. I found it odd that there's only one sentence on rural Manitoba and the services that are being cut are in that area, because that—it's significant. So I'm just wanting to know if you can expand on that a little bit for the

people that are looking for representation from MGEU in rural Manitoba.

**Ms. Gawronsky:** Actually, there's one sentence in there because the rural Manitoba is where these 600 cuts are going to be. It basically seems to be within rural Manitoba, but we don't distinguish between rural or urban. We are all Manitobans, all of our members and so we all want the same recognition and what is needed to be able to carry out the services to Manitobans.

**Mrs. Driedger:** Thanks a lot, Michelle, for your presentation. Just a couple of questions. First, a statement. Please do not believe what the Minister of Finance (Mr. Struthers) just said. He's now down a path of trying to put misinformation on the record. There will not be cuts across the board. That was never, ever said, and so that is not going to happen.

But I do want to ask you, in terms of the impending retirements in the civil service, and those numbers are huge and very significant in terms of what it could do, can you just tell us a little bit that—like, the government has indicated they're going to reduce the civil service by 600 jobs in three years. In fact, in Estimates on the civil service, the minister said and it could be even more.

\* (18:50)

Are the front lines involved in the decision making if jobs or positions are going to be changed or eliminated? Is there input being sought from the front lines in terms of what would be the better way to work? Or how could it be accommodated with input from those that are on the front lines that know best about the work?

**Ms. Gawronsky:** In—I'm not so sure if the—it's the advice has been sought out. We did provide a budget consult that, you know, we—the paper that we presented to the minister and that is from our members and where it's from.

And as for the 600 eliminations, at this point right as far as I know right now, everything is under—with those that are retiring; they're not fulfilling the positions. And that's why I made a point in here that filling vacancies, the retirees, they need to be filled. We need to have the people there.

**Mr. Helwer:** Thank you, Madam Chair, through you to Ms. Gawronsky, thank you for your presentation.

The Canadian health transfers, you say it here, it's scheduled to decrease when in fact we had the Deputy Minister of Finance on record in Hansard in

Public Accounts telling us that they have stable consistent funding agreed to from the federal government until 2022-2023, and will be increasing at that—until that point, that is where the agreement runs out.

So I'm curious as to where you see it decreasing.

**Ms. Gawronsky:** In 2026, my understanding from what I've read through the years. If—heard through the last few months is that there will be a definite decrease, a minimum of a 6 per cent decrease coming to the province of Manitoba.

**Madam Chairperson:** Thank you. We have only a brief time. Is there any further questions?

If not, thank you so much for coming.

And I will call on our next presenter, Mr. Siemens. And thank you for your graciousness in waiting for my mistake. Do you have any materials to present?

**Mr. Henry Siemens (Private Citizen):** No, I do not.

**Madam Chairperson:** Okay. Please proceed.

**Mr. Siemens:** Thank you.

Firstly, thank you very much for the opportunity to present here today, it's much appreciated. When the balanced budget, debt repayment and tax protection act was implemented in Manitoba in the mid-1990s, it was viewed as an important measure to ensure the provincial government of the day had a duty and an obligation to spend taxpayer money wisely.

Provisions in the act provided Manitoba taxpayers with the confidence that governments would not return to running annual deficits without consequences.

A key element to the balanced budget legislation was that governments could not raise taxes without first going to the public through a referendum.

Unfortunately, what's been happening over the past number of years is that the provincial government has been continuing amending balanced budget legislation to the point where it barely resembles the act that was established in the mid-'90s. The most recent changes is outlined in Bill 20 to Manitoba's balanced budget legislation are of major concern to all Manitobans.

Bill 20 has increased the provincial sales tax in the province from 7 to 8 per cent, resulting in a revenue increase to the provincial government of

\$277 million annually. The most troubling part of the government's decision to increase the PST is the fact that they're also changing the current balanced budget legislation, which had stipulated that a referendum of Manitobans be held before increasing the PST.

Firstly, I'm deeply troubled about this increase because it will make our already uncompetitive tax framework even more unattractive. Manitoba businesses have raised concerns about how increasing the PST to 8 per cent will make us less competitive with Saskatchewan, which has recently lowered their PST to 5 per cent.

When you add the increased PST along with our higher personal income tax rates, higher corporate income tax rates and the fact that we remain one of only—one of the few provinces in Canada that continues to have a payroll tax it clearly shows we're establishing an uncompetitive tax framework with other problems—with other provinces, sorry.

The PST hike that the provincial government is implementing will also result in a reduction of jobs and income growth. And here's why; the provincial sales tax as we know applies not only to the items bought at the register but also to the cost of doing business. That includes capital goods; things like machinery, equipment and new technologies, materials, energy and other goods or services that entrepreneurs purchase and use to produce what they sell to their customers.

The higher cost of these capital goods is by far the most detrimental feature of the PST since investments in machinery, equipment and technology are the foundation of a stronger and more productive economy.

A higher PST rate will further increase the cost of doing business, leaving entrepreneurs with less money to operate, expand, innovate, hire people and pay higher wages.

Partly due to the PST, Manitoba had Canada's second-highest overall tax rate on new investments in 2012 at 26.3 per cent. For perspective, the comparable rate was 16.2 per cent in Alberta and only 17.9 per cent in Ontario. In our global world where provinces compete for mobile investment dollars, increasing the PST makes it even more expensive to invest in and do business in Manitoba. By deterring investment, Manitoba families ultimately lose because less investment means reduced job creation and income growth.

The government's decision to increase the PST raises a number of questions. How will the \$277 million received as a result of the increase be invested? Secondly, what plan is there to provide a solution for the significant municipal infrastructure deficit? How will challenges to the business community surrounding an already uncompetitive tax framework—again Saskatchewan at only 5 per cent—be addressed? And what is the impact and the potential impact this increase will have on consumers and businesses?

The reality is that this government has yet to articulate an answer to any of these questions. In fact, these answers should've been provided to Manitobans before the—this legislation was ever introduced.

As a small-business owner, I stand firm in my opposition to the provincial decision to increase the PST in the way that it was done. The blatant disregard for proper process around changing the legislation to avoid consulting with Manitobans, I believe, is unacceptable. We should be holding a broad discussion around the issue of tax increase, and I call on the government to abide by the law and take it to a referendum. The Province must not only let its citizens have their say, but also take a step back to provide some answers. I believe that a referendum provides many benefits, as it provides clarity of purpose, transparency of investment, greater accountability in the reporting of results, and shows respect for the hard-working taxpayers of Manitoba—taxpayers who, I might add, are required to follow the rules. I simply ask our government to do the same. Follow the rules.

If this government truly believes that increasing the PST is in the best interests of Manitoba and will create a strong, competitive economy, then you should be prepared, willing and enthusiastic to engage Manitobans and take this proposal to the people.

In closing, I implore the Premier (Mr. Selinger) of Manitoba to respect the Province's current balanced budget legislation and the right for the people of Manitoba to have a voice in the decision on whether or not to increase the provincial sales tax by 1 per cent by holding a public and binding referendum in which all citizens can either approve or disapprove of this increased tax. Thank you.

**Madam Chairperson:** Thank you, Mr. Siemens, for your presentation. Do members of the committee have questions?

**Mr. Struthers:** Yes, thank you, Mr. Siemens, for coming in and speaking with us this evening. I was especially interested in some of your comments in terms of taxation and comparisons to other provinces, notably Saskatchewan.

And I'm going to—I don't know if I have ever quoted the Fraser Institute ever in my political career, but it was interesting. I don't know if you're aware of this. The Fraser Institute, a couple of weeks ago, came out and declared Tax Freedom Day in Saskatchewan, which is July 11th. I know credit where credit is due; they accomplished that. Did you know that Manitoba hit our Tax Freedom Day five days earlier on July 6th?

Here's the rub of government: We've had several presentations tonight and yesterday saying that we're—we contributed to the problem by already doing tax credits to the tune of \$1.2 billion, including corporate income tax decreases, and taking the small business tax from 8 per cent down to zero. Given that, are you advising us that we need to look for further tax credits in—for business in Manitoba?

**Mr. Siemens:** I'm advising that it's most important to follow the rules. The comments specifically talking about the anticompetitive regime that we seem to be in, these are our comments that we specifically again hear from the Fraser Institute as well.

And I apologize. I'm not familiar with the data surrounding the Tax Freedom Day with Saskatchewan and Manitoba.

\* (19:00)

And as I mentioned, as well, my single biggest concern about this is how the tax was brought forward. I don't doubt for even a second that there are significant concerns, significant issues, very significant pressures on the government to fund the programs that need to be funded, to provide the services that need to be provided and still find ways to get all of that done.

But the very fact that the respect wasn't given to the taxpayer to have an opinion, that there was no comment of this during the last provincial election, that, in fact, there was a consideration for an increase in the PST, the taxpayers in Manitoba at that point in time could have had a say. There's current law on the books that says we're supposed to have a say. You're suggesting now to us that we can't have a say, and that's truly disappointing.

**Mrs. Driedger:** Thank you very much, Mr. Siemens, for your comments tonight. You've pretty much expressed what about 75 to 80 per cent of presenters coming to this committee are saying. The questions you posed are also the ones that we have been trying to get answers from the government to, and we're not getting any answers either. So I do appreciate you taking the time on a Friday evening to be here. Thank you.

**Mr. Gerrard:** You mentioned the fact that for new investment there is a tax of 26.3 per cent. That seems pretty high to me, and I would ask you to give us a little bit more breakdown on exactly what that adds up to and, you know, maybe you could even give us an illustration from your own business experience.

**Mr. Siemens:** Thank you for the question, Dr. Gerrard. Specifically I wouldn't be able to go into a lot of detail. I brought my speaking notes after having done some of these researches and looking at the comparisons. I'd be happy to provide the background information. And I apologize, I should have brought that with me. I compiled my notes and brought my notes, but I'd be pleased to provide that to you, absolutely. Thank you.

**Madam Chairperson:** Mr. Helwer, you have—yes, a little bit of time.

**Mr. Helwer:** Okay, thank you, Madam Chair.

Recently, we've seen wheat breeding leave Manitoba for Saskatchewan. Hundreds of millions dollars have been invested in Saskatchewan for that purpose, partly because of the more hospitable climate there, partly because we have a government here talking about a pesticide ban. I take it that's the type of industry that you're saying we're having leaving the province.

**Mr. Siemens:** Absolutely, and when we hear the very atmosphere of increased taxes, again, increased taxes without following due process, and you hear other jurisdictions talking about decreased taxes—everything is about perception, ultimately. When we have to make decisions on where we're going to grow our business, we feel we want to be where there's an opportunity at success.

And when we hear businesses talking about there's going to be increased rules, there's going to be a disregard for due process in terms of how things are going to go, we hear that there's going to be increased spending, there's a concern. There's always a concern on the business's part when you start to look at those kinds of things.

And, when we hear people making the decision to buy a house, it's because they have confidence that their job is going to be there tomorrow. That allows them to take the leap of faith to buy a house, and that's what keeps the economy going. When we start becoming concerned that that leap of faith may not be a good decision, then we start becoming hurt, then our businesses decide not to expand because it may not be the right decision to expand. It may not be comfortable to expand. More of—the more of those tiny decisions that come together ultimately leads to not being able to continue to have that growth and being concerned, and being—maybe it's smarter to invest somewhere else.

**Madam Chairperson:** Thank you very much, Mr. Siemens. Our time has expired and, again, thank you for waiting for me.

Our last out-of-town presenter is Mr. Randy Baldwin. Is Mr. Baldwin in the room? Yes. Great. And do you have any written materials for distribution to the committee?

**Mr. Randy Baldwin (Private Citizen):** Yes.

**Madam Chairperson:** Our staff will help you. And please proceed, Mr. Baldwin.

**Mr. Baldwin:** Thank you. My presentation is brief, so I'll give people a chance to pass them around. Thank you, Madam Chair.

**Madam Chairperson:** Thank you.

**Mr. Baldwin:** My presentation will have three key points: that the balanced budget law assured Manitoba citizens that they would not be subjected to large provincial government deficits nor large surprise tax increases. Bill 20 removes this assurance. Point No. 2, Bill 20 creates a breach of trust, a breach of public trust, and thirdly, the information to the public around Bill 20 has been misleading.

On the first point, removal of the balanced budget's assurance: The balanced budget, debt repayment and tax protection act of the 1990s was an important measure to ensure that the provincial government of the day had a duty and obligation to spend taxpayers' money wisely. Several successive governments agreed not to increase significant taxes without holding a referendum, and a number of these were NDP governments.

Unfortunately, over recent years, the Selinger government has been periodically amending balanced budget legislation to the point where it

barely resembles the original act. The passage of Bill 20 will ultimately remove any assurance that Manitobans can plan their lives without being surprised by significant tax increases that they do not support. Both individuals and businesses have been attracted to come to Manitoba or to stay here because they could plan for the future knowing that they would have an opportunity to voice their opinion in a referendum regarding any significant tax increase. This government's action to destroy the balanced budget advantage will hurt Manitobans' growth and economic prosperity for years into the future.

The second point, breach of trust: Not only does Bill 20 remove the advantage that I've referred to earlier, but if the government proceeds as planned, the citizens of Manitoba will lose faith in the government's ability to manage the Manitoba economy. If you had announced during the last election that you intended to remove the balanced budget law, which would have had significant implications for taxation, Manitobans would have had the opportunity to decide whether to vote for that or not. Instead, Premier Selinger indicated during the last election campaign that there would be no increase in PST and as late as a year ago was still saying his government had no plans to raise the PST or to do away with the requirement for a referendum if tax increases were proposed.

Now Manitobans have been surprised, not just with a significant tax increase but also with the proposed removal of the balanced budget law. Your government action to impose the PST increase prior to passing Bill 20, i.e., while the balanced budget law is still in effect, will be challenged in court. Even if the court case is unsuccessful, this complication could have easily been avoided by just delaying the implementation of the tax increase. The courts have already told the Minister of Finance (Mr. Struthers) that he was in breach of the law in his dealing with the Manitoba Jockey Club regarding VLT revenues at Assiniboia Downs.

I believe this Bill 20 court case has a good chance of being successful, thus creating further problems for the government. Other governments have implemented tax increases prior to passing of enabling legislation so increasing taxes without the appropriate legislation being in place is not unprecedented. However, the situation in Manitoba at this time is very different. Manitoba has a law in place that says certain taxes, including the retail sales tax, cannot be increased without a referendum. That law is still in effect today. But four days ago, you

forced Manitoba consumers to start paying a 1 per cent point increase in provincial sales tax, which incidentally represents a 14.3 per cent increase in that particular tax, very much contrary to the provincial law.

I expect there will be lots of legal arguments on both sides of this issue, but for me and for most Manitobans, it's simple. The law says you can't do it. You did it. Regardless of any court case and the resulting legal decision, this has created a breach of trust. To add further insult, rather than wait until after the public hearings were completed on Bill 20, you went ahead and imposed the tax increase, quite an assault on the democratic process.

\* (19:10)

Regarding misleading information, recently the government's media messages have tried to put a positive spin on the infrastructure expenditures, for example, increased money for Winnipeg street renewal.

The title of Bill 20, The Manitoba Building and Renewal Fund and Fiscal Management Act, implies that the additional revenue would be used to increase funding for infrastructure. Statements by the Premier (Mr. Selinger) and Finance Minister at the time when the bill was introduced, attempted to confirm this message.

Infrastructure to the person on the street means roads, bridges, possibly flood protection, and some municipal facilities that no other sources of funding are going to pay for. Recently, we've been starting to hear references to education and health in the same breath as basic infrastructure. Both health and education have always been part of the government's core funding. Any seepage of funding to health and education from a pot of money that is supposed to be dedicated to infrastructure makes one wonder what else the PST increase will be—will end up funding.

The government also claims that business organizations and municipalities support the increase in the PST to improve infrastructure. In reality, these groups did support additional funding if it was specifically designated for infrastructure, and primarily municipal infrastructure. They also requested it be tracked separately from other government revenue, and this is fundamentally different from what the government is proposing.

If the government is serious about funding our infrastructure deficit, I suggest two things: Firstly, delay the collection of the higher PST until either

after a referendum is held or until the passage of Bill 20. A short delay in addressing the long-term infrastructure deficit will not make a big difference in the long run. Secondly, agree to the conditions that business organizations and municipalities have called for. Spend the extra PST revenue only on planned strategic infrastructure projects and track all revenue from the new tax and regularly account for its spending.

A refusal by the government to follow these recommendations would lead one to the conclusion that the government intentionally wishes to bury the new revenue in general revenues so that it can be used to pay the government's general operating costs.

I'd like to thank you, legislators, for your dedication and attention. Your dedication is commendable and is often underappreciated.

Thank you very much.

**Madam Chairperson:** Thank you, Mr. Baldwin, for your presentation.

Questions from the committee?

**Mr. Struthers:** Yes, thank you, Mr. Baldwin, for your advice tonight.

The only question I have, has to do with infrastructure, and what your view of infrastructure would be. I'll give you an example. We have demands across the province to build schools. Not school programming—there's those demands too, believe me, but for school capital. A community like Winkler, where there's a lot of growth and have put up with huts for quite a while. We've talked to them about a new school. We've talked to different communities about renovations.

In your definition of infrastructure, does a new school at Winkler account as critical infrastructure or does it not?

**Mr. Baldwin:** I think in my definition of infrastructure, the new school should come out of the Education budget and should not be considered to be addressing the infrastructure deficit that this bill is designed, or is put forward as being designed, to deal with.

**Mrs. Driedger:** Thank you, Mr. Baldwin, for your presentation here tonight.

We have been trying to find out where specifically the government intends to spend that extra \$277 million. They have refused to provide us upfront with where that spending will go.

The money is going into general revenue. And then at the end of the year, they have indicated that they will then give a list to the public of where they spent the money. At that point, they can decide whatever they want to tell the public because they're just going to make up where they think they'll get the biggest political bang for their buck. So, obviously, it does appear to be a government slush fund prior to the next election.

And so your comments have been exactly where about 80 per cent of the other people have been.

So thank you for your time tonight.

**Mr. Gerrard:** Thank you for your presentation.

One of the important points that I think you raise is that the—while there's a precedent in terms of governments implementing budget recommendations before the budget is, sort of, fully passed and all the ancillary measures, but that there may not be a precedent for a situation like this, where there is actually a law saying there has to be a referendum before a tax is increased.

Are you aware of any precedent that would be analogous here with a referendum required first before a tax increase?

**Mr. Baldwin:** No, I'm not aware of any situation where that would have been condoned and viewed as being the proper way to do things. I think there is an analogy, as I mentioned in my presentation, to the situation regarding the Manitoba Jockey Club and some of the actions that occurred relative to the VLT monies that they have been receiving in the past, and it was decided by the Finance Minister that that would no longer be done and he was told, as the result of a court case, that he was out of line to have done that. So I think that should have been an indicator that you can't just go counter to something that is a law on—that's in existence and do things in an ad hoc way.

**Madam Chairperson:** We have a little bit of time left. Does anyone else have a question? If not, thank you so much, Mr. Baldwin, for coming out tonight.

I did forget to ask—that was our last out-of-town presenter that we are aware of. Is there anyone else in the audience that is an out-of-town presenter that we didn't have asterisked as such?

If not, then we will go back to the top of our list and go to Dave Moulard, and if I'm not pronouncing your name wrong, please feel free to correct me. Everyone is. No. [*interjection*] Wight, all right.

Mr. Mouland, do you have—*[interjection]* Oh, sorry. You do have some papers to distribute. Thank you so much, and please go ahead with your presentation.

**Mr. Dave Mouland (Private Citizen):** Good evening. You weren't too bad on my name, but it's Mouland.

**Madam Chairperson:** Mouland.

**Mr. Mouland:** Right.

**Madam Chairperson:** Thank you.

**Mr. Mouland:** Okay. Good evening, my name is Dave Mouland and I am retired but volunteer at Winnipeg Harvest about 20 hours a week. I work in the call centre so I deal with and talk with people who have many poverty issues besides my own.

I am here today to address this committee about the huge tax increase this government is proposing to implement, even though a promise of no tax increases was made by this government in the last election campaign. My main concern is the poor, the elderly, retired poor and the working poor. This group of people will be hardest hit by an increase to the PST. All of these people are trying to live on the edge simply because we do not have an adequate income to survive.

Even the Premier has stated that no one can live on \$3.96 per day, and yet this is what the welfare rate is for a single person for food. This same person—and, yes, we are people—is allowed \$275 a month for rent. What kind of housing can anybody get today for \$275 a month? We, the poor, must also consider where the money is coming from for our medical care, the cost of an ambulance, Pharmacare deductible, the cost of transportation, clothing, heating, water, all of which will go up with this proposed increase in the PST.

With my wallet and my pockets empty, we cannot afford any more increases, so I have a few proposals to make. The new tax on tobacco products I would double. The first half of that \$18 million, put into the welfare rental rates to bring them to 75 per cent of the median market rate. The rest of this tax to be used where needed most, infrastructure comes to mind. This is a tax increase no one could complain about, and this is coming from a pack-a-day former smoker.

Manitoba Hydro rates must stop now. The three major projects under consideration now will do nothing to improve the standard of living of

Manitobans, which is my only concern. The US can provide their own energy supply as there is a huge supply of North American energy from natural gas, oil, coal and hydro. This Province cannot afford to carry a debt load of twenty-five to forty billion if a project goes ahead as planned. The provincial debt could increase by as much as \$40 billion as all estimates are always on the low side.

\* (19:20)

We cannot get Manitoba companies to bid on the work of building housing for the workers, too much red tape involved is the issue of here. It looks bad when we have to import log cabins from Nova Scotia. To say that these projects will provide work for Manitoba is not really true, as these crews move around from one project to another providing some limited employment to the local population for the duration of the project. Though once complete, the work crew is gone. What then?

Well, I would ask how many Manitobans does it turn—does it take to turn on a light switch? A province with a declining population of less than one million people cannot play the interest—or cannot pay the interest on Hydro debt of nearly \$40 billion—plus all the other provincial debt with no long-term benefit except bankruptcy to look forward to. If these projects were allowed to go through, the hydro generated would be sold to Manitoba at full market price; 30 per cent of the balance sold at market price, the other 70 per cent would be sold on the stock market for pennies on the dollar. Manitobans supporting the USA.

Stop building winter roads into communities for millions of dollars a year with only a few weeks or, at worst, a few days of use due to the weather. Best solution to this is to build a permanent all-weather, all-season road up the east side of the lakes to provide year-round access to these communities. Once built, upkeep would be much less than the cost of winter roads every year.

We could at least, at this point, tell UNESCO to go to hell, as well. Stop messing around in other countries' problems. Devils Lake is a US problem, not ours. We as a province have spent millions on lawyer fees objecting to what the US will do anyway. It is their problem and it is up to them to fix it, as they will, without any input from us.

Shut down small claims court. The cost of running this court, which cannot enforce any judgment it makes, is just added onto the poor as it is

mostly the poor that use it. As usual, the court gets its cost paid by the user, but any judgments made are never paid unless you go to other means to collect.

Do not use tax dollars to buy votes at election time. If a political party needs money to run a candidate or open offices and such, then get up off your butts and earn it. When you come knocking on my door for funds, I can only say one of two things, and they are: yes or no.

Seventh and final item: put an end to the payroll tax on employees to allow new companies and out-of-province businesses to create new jobs and a larger tax base within Manitoba instead of having these businesses go elsewhere.

Thank you for allowing me to appear tonight. Thank you.

**Madam Chairperson:** Thank you, Mr. Mouland. Questions from the committee?

**Mr. Struthers:** I appreciate hearing from you tonight, Mr. Mouland, and I was impressed with your presentation, especially the thought that you've put into the working poor. Two things: (1) some unemployment numbers were released today, Canada-wide, showed Manitoba falling to 5 per cent in terms of unemployment, tied in second with Alberta behind Saskatchewan. So I think there's some good things happening there.

But the other thing I'd like your opinion on, we've been criticized by members opposite for increasing the minimum wage in an organized fashion, year after year, every year that we've been in government, and we did it again in Budget 2013. My contention is that that is a direct benefit to the working poor and helps families who make money at that level and sometimes have more than one job to keep things going. Do you share my contention or do you have advice on—in terms of the minimum wage?

**Mr. Mouland:** Yes, minimum wage is fine. But I do think what happens is people working at the minimum wage—the wage goes up by 15, 20 cents, 25 cents, whatever it might be, but then the place where they work cuts the hours back, so that they may have two, three, four jobs to make the same amount of money as they would if they were not—or did not have the rate increase.

The Manitoba unemployment has always been good, but also, we must remember we're a very low population province. So it's fairly easy to keep the Manitoba rates a little bit on the low side.

**Mrs. Driedger:** Thank you, Mr. Mouland, for your presentation, and just to follow up a little bit related to what the minister was indicating with minimum wage. In Manitoba, when people make \$8,800 they're taxed, whereas in Saskatchewan you have to make triple that before you even have to start paying taxes. So, certainly, we would like to see the basic personal exemption increase so that thousands of people could be taken off the tax rolls in Manitoba to keep more money in their pockets.

We've had a really hard time making this government aware of what this PST increase is going to do to the working poor—or to the poor and those on minimum wage. You articulated some of this very well. Do you want to say anything more to them, because we're sure butting our heads against a brick wall in trying to get them to understand how much this is going to hurt the working poor?

**Mr. Mouland:** My income for the year is less than \$8,000 a year, and I live off of that. And so we really don't have anywhere to go. Every time something goes up we do pay more somehow or other, and we pay more by purchasing less of what we need. So the way it usually works is if we were to go out and buy a 10-pound bag of potatoes, then there's a tax increase. The next time we go out, it's a five-pound bag of potatoes for basically the same price plus the taxes. So that's how we do it. You—it's not that the tax base should go up before we pay any taxes.

**Mr. Gerrard:** I—Mr. Mouland, I commend you for the work that you've very clearly put into preparing this presentation and the ideas that you've put forward. Putting in 20 hours a week volunteering at Winnipeg Harvest, I'm sure you meet and talk with others, and wondered if you would just share what the general sense of others that you talk to who work or are around or using Winnipeg Harvest, what they're telling you.

**Mr. Mouland:** There are many stories I could tell. I can't go into much detail simply because there's a privacy act in effect here, but there are many people that I talked to, and as I mentioned, I work in the call centre. And I get—I talk to people who are looking for some help in extra food to get through the end of the month. We have the food. They don't have money for transportation to get through—be able to pick up the food. Okay, so that five dollars for bus fare or something like that and they just don't have the money.

Our option has been—well, ask the bus driver for a fare adjustment envelope, and the driver should

give you a little bit of an envelope where you put your name and your address on it, allow you to ride the bus free, and a ticket will be supplied later or you will return it when you have tickets; this kind of thing—not happening anymore. There’s—currently we would provide formula—baby formula to families with children under 12 months of age, from date of birth up to 12 months. We currently do not have any formula. Donations have been down so much that we just cannot afford it, and I’m hearing the last 10 days, where’s my baby formula? We have to make little children suffer because we cannot afford to buy formula for people in need.

**Madam Chairperson:** Thank you, Mr. Mouland. The time for questions has expired. I appreciate you coming down.

Our next presenter is Cameron Henderson. Is Cameron Henderson in the room? If not, we will put Cameron Henderson to the bottom of the list, and move on to Dennis Lewycky.

Is Dennis Lewycky in the room?

**Mr. Dennis Lewycky (Social Planning Council of Winnipeg):** I am.

**Madam Chairperson:** Thank you. And do you have materials for distribution? Our staff will help you.

There is water. I forgot to mention it to the presenters before, but that water sitting there is for you, folks, to help yourself to if you are presenting. Sorry for not mentioning that before.

Please proceed with your presentation.

\* (19:30)

**Mr. Lewycky:** Good evening and thank you for the opportunity, and I admire your perseverance. I hope your families are patient.

The Bill 20 and particularly the increase on the retail sales tax created a real quandary for us at the Social Planning Council. On one hand, we know that there’s a serious infrastructure deficit and that the Province needs the resources to take care of some of the horizontal—what we call the horizontal elements, the roads, the bridges, the sewage systems—but also that there are the vertical elements that also need support, the hospitals, the schools, the recreational facilities, and we’re pleased to see that that recognition is in the bill. So that’s the first thing.

But as a society we’ve underfunded infrastructure and we’re now paying the price in terms of a breakdown in a lot of our infrastructure.

We—and we also want to just make it clear, we also appreciate that the government is also trying to put resources into helping people on low income cope with their current situation and some of the funding for social housing and education. But, clearly, more is required and more revenue is required. However, we think that there’s a better way to raise the revenue than increase the consumption tax, the PST. I’d like to focus on what we think are the consequences of a sales tax increase and provide some background on what we think is a more equitable alternative to increasing the personal income tax.

Our starting point is that the retail sales tax or any consumption tax is a regressive tax that demands more of a proportion of the income for low-income people than for those of higher income households. It may not seem like a lot to many people, but the households earning less than \$15,000 a year will pay about 0.2 per cent a proportion of their income if there’s a 1 per cent PST increase, compared to a household that earns about \$90,000 a year, they will be paying about 0.4 per cent. That’s about half in terms of a proportion of their income. So it is a tax that does tax the low-income population more than the higher income.

Another dimension of the PST that gives us some concern is that it applies to business, and the reason we say that is that, well, we believe that the private sector and businesses should pay more. They’ve received a great deal of tax cuts over the last few years. We think that the PST isn’t the way to do it, that the PST is not as equitable. We expect that businesses will likely pass on the cost of an increase in the sales tax in the sale of their commodities and services and that, in effect, it would still be the public that pays for that increase. The other thing is that consumers overall are going to pay for the—we believe, are going to pay for the overall increase in the PST even on goods that are exempt from the PST because it’s going to be passed on to consumers.

Another way to increase the taxes, we think, is through an increase in the provincial personal income tax. That raises the same amount of revenue, that’s what we use for our standards, from households as a 1 per cent PST increase, but distributes the cost of that increase more equitably across the population. Our analysis is based on a modelling carried out by Harvey Stevens, a former policy analyst for the provincial government, using Statistics Canada Social Policy Simulation Database and Model. It’s a model that is able to project costs of different tax changes. The modelling he carried out

shows that an increase provincial income tax rate of less than one half of a per cent for the different categories of provincial tax would generate about the same tax revenue as a 1 per cent PST increase, and if you look at figure 1 it shows that graphically.

The average increase for Manitoba households would be about \$290 a year. That's about \$30 a month. Any household making less than \$75,000 per year would be paying less in income tax with such an increase than with a PST increase. Because of the way income taxes are calculated, the distribution of the personal income tax would be more progressive with the lowest family incomes, those under \$15,000, paying about 0.04 per cent of their proportional income with the higher income households paying progressively higher.

Now, just for comparison, middle income earners around \$45,000 to \$60,000 would be paying 0.44 per cent and higher income families or households earning over \$90,000 would be paying about 0.5–6 per cent, and it looks like small numbers, but calculated over the numbers it would be significant.

Another benefit of raising taxes through the personal income tax system is that tax structure can be made more progressive. For example, we modelled a rate of increase of about 0.25 per cent for the lowest income category, 0.6 per cent for the middle category and a 1 per cent increase for the highest tax category. These differential tax rates increases would generate the same total revenue as a 1 per cent PST increase from households, while making the tax system much more progressive and, we think, fair.

In other words, raising revenues by means of changing the PIT, the income tax rates, allows the government to create greater income equality, at the same time as meeting its revenue projections. If the personal income tax was raised by less than 1 per cent, we recalculated it at 0.8, 0.77—that's double what we were using before—then that amount of \$277 million could be raised, as well as households who earn less than \$30,000 would pay about the same, or less, in taxes than if there was the 1 per cent PST increase.

Though this is not an ideal strategy, because it does let business off the hook, we—it does share the tax increases, we think, much more equitably.

Finally, in January of this year we submitted a report to the government on the ALL Aboard poverty

reduction strategy, and in that we recommended that all government programs be tested through the poverty reduction strategy. In other words, that there would be an equity lens tested through all the budget allocations and programming. And we feel that that would give a better representation of the impact of any budgetary or tax changes on different segments of the population.

Applying such an equity lens to the 2013 budget would have exposed the weaknesses in the proposed PST increase to—in the lowering of the education property tax and for the personal exemption proposal. Most importantly, the use of an equity lens could also provide more effective alternative tax proposals for more extensive public discussion and government implementation.

In conclusion, we fear that the increase in the PST would not be in the best interest of people living on low income in Manitoba and, ultimately, on the rest of society, especially when we believe there are other options that could be much more effectively used.

Thank you.

**Madam Chairperson:** Thank you, Mr. Lewycky, for your presentation. Committee questions.

**Mr. Struthers:** Yes, thank you, Mr. Lewycky. I enjoyed your presentation. I want to make sure I have the nub of your advice correct.

Our government was faced with a \$1 billion report, a flood report, that came to us just before we presented the budget, work that needs to be done to protect Manitoba families from flooding. We were also faced with a request by the federal government through their budget. To their credit, the federal government initiated the Building Canada plan and asked us to participate; so, we needed dollars for that too.

So I understand your point that we need to have ways to raise that revenue and, as Bill 20 does, direct it directly into infrastructure.

Your advice, though, is that, instead of using a 1 cent on the dollar increase to the PST, we should find that money through either the personal income tax system or through increases on the business tax side, corporate tax or small business. Is that the advice that you're giving us tonight?

**Mr. Lewycky:** Yes, but two things to point out. First of all, I believe that we have to turn our liabilities into our assets. Right now, we are confronted by a

major infrastructure and debt situation, but I think that as Manitobans, you know—and you're listening to some of the people that are coming here, you know—Manitobans are resilient people and I don't think that anyone thinks that we're going to get out of some of these problems by reducing taxes, okay? We do need tax and we know that we get quality when we pay for it.

But our argument is, is that by taxing the poor, taxing people who are living on low incomes, we're doing two things: not only are we forcing them to carry more of the burden than they should and secondly, we're undermining our capacity to even build our social infrastructure even more. By helping people get out of poverty, we enable them to be much more a part of our productive capacity. Right now, we've kind of caged them in a very low-income form of existence that doesn't allow them to be part of our economy.

\* (19:40)

I think if we open up our thinking, and that's why we're trying to link a lot of this to the poverty reduction strategy, we can not only address our deficit problems and our infrastructure problems, but also liberate people to be much more a part of the economy.

**Mr. Gerrard:** Thank you very much for your presentation. You've clearly done some pretty sophisticated analysis. *[interjection]* Thank you.

The figure 1 is pretty impressive in terms of the adverse impact on those who are of lower income. I believe that you've also been advocating, as I have, for increased shelter allowance for people on low income, and it was disappointing that the government didn't go in that direction. But, you know, I would—it would seem to me that this is a pretty strong argument for trying to use another approach than the PST.

**Mr. Lewycky:** As a general rule, I don't think we're going to get ourselves out of these fiscal problems by nickel and diming, you know, a few dollars here and a few dollars there, a cut here and a cut there. I saw—you know, I've seen all sorts of—you know, the discourse around this PST increase has brought out all sorts of examples of things that should be cut or increased, and I don't think we're going to solve our problems by nickel and diming.

I think we need a strategic change where we take on some of these big social and infrastructure issues, you know, mobilize our public creativity and capital

and make some real differences. The minuscule increase for the shelter allowance, it's not going to make a real difference in people's lives. Winnipeg Harvest has about—and food banks process over 50,000 people a month right now. Half of them are working.

So, you know, we can talk about the job statistics. The fact is people cannot live on the low incomes that they now are having to scrape by on.

**Madam Chairperson:** Thank you.

**Mrs. Rowat:** Hi, Dennis. It's great to see you.

I agreed with your point with regard to the legal requirement for a referendum. I think Manitobans deserve that choice. I also agreed with your comment that we shouldn't be nickeling and diming Manitobans, especially the working poor or the poor that cannot pay for the basic needs.

So have you had a discussion with the government with regard to your January 2012 proposal of using a poverty reduction lens, and was that discussed at any of the consultations with regard to budget discussions?

**Mr. Lewycky:** We've had some discussions, but I wouldn't say that we've seen a lot of results. And it's great to have dialogue and it's great to be able to have access to government, but I think we'd like to see a lot more initiative, a bolder response. And when it comes to consultation, again, you know, consultations are fine. There's a lot of talk, but I think the important thing is where's the action that follows? And that's where I'd like to see more of a response. Again, I go back—you know, one of the beauties—one of the strengths of Manitobans is that we're active agents. You know, right in this city there's—I don't know, you know, 40, 50 agencies and thousands of people working in social services.

That's a resource that the government could use more, and that's what I would say. And if you were—and I invite any one of you to come to any one of the meetings where we're working with the social activists, and you'll be impressed with what's being done with very little.

**Madam Chairperson:** Thank you very much. Our question time has expired. Thank you.

Our next presenter is Mr. Josh Fisher.

Do you have any written materials, Mr. Fisher? No? Okay, please proceed.

**Mr. Josh Fisher (Private Citizen):** I think the way that Bill 20 was implemented kind of makes this committee meeting a farce, as the current NDP has already created the act to start collecting the PST increase. What a present for Canada Day.

The way the increase was forced upon us really grinds my gears. I'm sure that you've heard this over and over again. Nonetheless, you'll hear it one more time from me.

Was it not the PST government that implemented the taxpayer protection act, and now, years later, it's an NDP government who is bypassing its own act? How much time and money was spent creating the taxpayer protection act for it simply to be bypassed? The taxpayer did not get a very good return on that investment.

And as a young Manitoban, I always thought I would settle and have a family in this province, but it looks to me that this government doesn't support growth in families, as this tax increase is affecting everyone. But the people who have the least, including low-income families, will feel the greatest effects, while the top income earners will not be affected as profoundly. The government has simply added another means of creating an income and class gap.

I'm in the market to purchase a house, and Saskatchewan is looking real good right about now with their booming economy and lower taxes. I personally work in the trades and was looking to start my own business in the future.

I thought Manitoba was the place for me, but how am I supposed to hire and retain employees when the government promises not to increase taxes, then two years later, they force this upon us? I'd love to go to my boss and force him to increase my wage but, unfortunately I have to cut my expenses as the government should be doing, rather than increasing their—increasing our taxes.

The NDP should remember that people at the polls don't quickly forget. That's all.

**Madam Chairperson:** Thank you very much, Mr. Fisher. Questions from the committee?

**Mr. Struthers:** Thank you very much, Mr. Fisher. I appreciated hearing from you tonight.

**Mrs. Driedger:** Thank you, Mr. Fisher, and I would say that for a lot of us, too, and a lot of the people that are coming here to present, this PST hike grinds their gears, too.

What made you decide to come forward? You're—you know, sometimes people think that young people don't pay enough attention to what's going on out there. You're a young man; you're trying to make your way, obviously, looking at maybe starting a business, getting a house. What made you compelled to want to come forward and speak up? *[interjection]*

**Madam Chairperson:** Mr. Fisher?

**Mr. Fisher:** Sorry. I feel that there's not enough young people involved in government and also being involved in forcing government to act upon their promises and held—holding them accountable, so I tried to get all my friends involved, but didn't work too well.

**Mr. Gerrard:** Thank you for your carefully thought out presentation. Tell me a little bit about the sort of coffee chat where you work, in terms of how people are looking at this situation and the increase in the PST without a referendum.

**Mr. Fisher:** Everybody seems to be kind of—it seems to be pretty, like, angering people, because it's kind of forced upon them. They don't really seem to have very many avenues into what they can do about it. And, yes, it's not making people happy, but they don't really feel that they have anywhere to go.

**Hon. Peter Bjornson (Minister of Entrepreneurship, Training and Trade):** Yes, Mr. Fisher, I—I'm—two questions: One, you mentioned that you're a tradesperson and you're thinking about starting your own business and I'm responsible for the portfolio that has a number of different programs that support young entrepreneurs, so question one is what is your trade and the second question is what was the—what were you hoping to establish—or when were you hoping to establish a business here in Manitoba?

**Mr. Fisher:** I'm a framer by trade and I was looking to start in probably the next three to five years.

**Madam Chairperson:** Thank you. Are there any further questions. We have a few—no? If not, thank you so much for coming.

And our next presenter is Mr. John McDonald. And do you have materials with you, Mr. McDonald?

**Mr. John McDonald (Private Citizen):** No.

**Madam Chairperson:** Okay. Please proceed.

**Mr. McDonald:** Okay, Madam Chair, attending MLAs and others, a lot of what I was going to say

has already been presented, so I'm going to try to get out of that, but a couple of things that come to mind is after attending some other hearings here—I believe Mr. Struthers was minister of Agriculture at that time, if I remember right—that presentation among hundreds of others was totally ignored also, as I feel this one is.

The bill to increase retail sales tax is just one of the tax increases this government has placed on us. The previous one, last year, was an expansion of the tax on insurance premiums. That alone brings in millions of dollars. I'm an insurance broker of one of the largest brokerages in Manitoba, and I know what the premium dollars are out there and what taxes come in. Of course, we're at the blunt of it. Why has my premium gone up 8 per cent?

\* (19:50)

But anyway, also with Mr. Struthers, I have a couple of direct issues that you had brought up during—has to do with the tax—is increasing the minimum wage is fine, yes, but Dr. Gerrard gets his 25 per cent—25-cent raise; Mrs. Driedger, who's been working there for two years, wants her 25-cent-an-hour raise. It goes up. It's not just the lower paid employees. You ever been in business on your own, a 25-cent increase per hour costs the employer lots of money and some of them have laid off people.

Also, you mention health care, a little scare tactic against the Conservative, the two—scary two-tier health care. I've had to make use of it twice in Alberta. It seems to be working quite nice out there. The time to wait for an MRI for my wife, twice, was so long that we had the surgery, we had the MRI back in four days, the surgery done before the letter came from the medical system here for the date of her MRI. Now, it's not a bad system. It can be worked properly. I had talked to the minister at that time, I can't remember who it was, but because I'm a supporter of an opposition party I know where it goes. Nowhere.

And as far as this sales tax, yes, 1 per cent doesn't seem like much but it's the principle of the thing. There's a law in place to prevent it, to keep the government accountable and it seems that the NDP government in this province, plus the federal leader, feel that they don't have to obey the law. I think he run a bunch of stop signs and ran away from the RCMP a couple of weeks ago.

Okay, now, we hear from the leadership the tax increase is to assist in flood control. I don't think that

came this year. They said, during the election, they'd keep the classrooms to a certain size. That cost money, never said where the money would come from. Now a couple of weeks ago the tax was to cover that cost. To me, they had intended to raise the sales tax anyway but were given advice by their backroom people not to say a word because where was that money going to come from. That would be the same as me promising to donate to Child Find, say, a hundred thousand dollars, then going to my employer and saying, this is what I've done, give me the money. We the taxpayers are your employer.

Now these promises are made—Sally Houser who was in the paper today, here again, where is that money going to come from. All of a sudden, it's coming from the seven—1 per cent increase in sales tax, all of a sudden. I think this was the plan made two years ago, keep it hidden. It is deception as someone said, some have been a lot stronger, I'm not going to use those words because I've worked with politicians, election times, since Gerry Mercier won Osborne, that's going back a few years. And I have heard some of the things the guys setting the rules for the candidate do. I know none of you are stupid people. You've got to be smart; you're here. You work hard. Not everybody will believe that but I know how hard you work but I think some of the people that give you advice are morons, and if they're here they can come and talk to me.

I think that's about it for what I have to say, oh yes, we had a large tax increase last year, insurance premiums, couple of years ago, there was an additional payroll tax on the farming community. Now the—gets a lot of spin, answers, I know you're not supposed to answer a question with a yes or no but spin off on to what you've done, roads, education, medical. I thought that was poor man's tax was supposed to pay for that, all our VLTs were supposed to assist in the medical costs. Now we're saying we need the 1 per cent to help that.

Mr. Minister, you have said the money will go directly to roads and education. That promise was made during elections. Where was this magic multi-millions of dollars then to make these promises. You didn't have the money, don't make the promises. Yes, I supported the previous leader of the PC Party, but I think some of his advice was wrong because he tried to out NDP the NDP. It ain't going to work.

And there's another bill coming up, Bill 18, which I'll speaking for or against. But it's against bullying. Pushing this seven—or 1 per cent sales tax

through, to me, is nothing short of bullying when it's against the law. Thank you.

**Madam Chairperson:** Thank you, Mr. McDonald, for your presentation. Committee questions?

**Mr. Struthers:** Thank you very much, Mr. McDonald. I appreciate your advice. I found it very straightforward, and you didn't mince words; I appreciate that. I also appreciate that you have the courage of your convictions to stand up and have a party affiliation. I think everybody should do that, and I commend you for it.

You brought up, though, this—the—what you call a scare tactic that I used earlier in the evening tonight. But then you went on and you seemed to back up Mr. Pallister's view that we should have a two-tier, for-profit, private health-care system. Wouldn't, then, you give me credit for making sure I got Mr. Pallister's statement correct, if you agree with it?

**Mr. McDonald:** I agree with the two-tier system because I've had to use it and I've had other friends have to use it. Now, I'm not a multi-million dollar income person. AIR MILES paid for the trip. My daughter worked for WestJet, big discount, okay. But we still would've had to go. Now, the two-tier system can work if it's done properly with some forethought. There's been all kinds of scary things, all the doctors are going to go the second tier. Not if it's priced out right. It seems to be working in Alberta.

**Mrs. Driedger:** I'll defer to my colleague from Brandon West.

**Mr. Helwer:** I think it is a scare tactic that the minister's using on two tier. But I'm interested in your comments. And I live in Brandon, so I'm classified as a rural person in Manitoba, and I experienced our two-tier system in Manitoba today. I went looking for a clinic, and I was turned away from two Manitoba clinics that are run by the WRHA because I don't live in Winnipeg. I don't have access to Manitoba health care because I live outside of the perimeter of Winnipeg.

So Manitoba does, indeed, have two-tier systems, but they decline care to people outside of Winnipeg. I'm interested on your comments.

**Mr. McDonald:** That comment does not surprise me. I've heard it before. If you want service outside of Winnipeg for a certain condition, you got to see a clinic outside of the city of Winnipeg, which is not right. We all pay taxes for our medical system. You

know, it's certainly not free. And that's really my comment on that.

**Mr. Struthers:** Yes, just further on that. I do—I commend you for being honest enough to tell us what you honestly think about a for-profit, private, two-tier system of health care. And you and I disagree on that, and that's fine, that's the basis of democracy. We can actually have differing opinions and still get along and you can—we can buy each other beers after, that sort of thing, right?

You must be very disappointed in the members opposite, then, who get up every time I say that their leader said that they would do a two-tier, private, for-profit system health care, and then try to twist the words of their own leader to say that that's not really their position. Do you believe your position and Mr. Pallister's, or do you believe the position of the member for Charleswood (Mrs. Driedger) and others who try to back away from that in committee?

**Mr. McDonald:** I have not heard what Mr. Pallister said in the House here. And I do not get either paper. I happened to pick one up at the gym and read it today. But I am favour of the two tier. It's going to be for profit. There's nothing wrong with profit. I think if you make a profit, you pay taxes. But it can be set up in a proper manner. I'm convinced of that. As I says, it works in Alberta.

\* (20:00)

**Madam Chairperson:** Thank you.

**Mr. McDonald:** Okay, and I know we can argue all night.

**Mr. Struthers:** That's okay.

**Madam Chairperson:** Thank you. We have a few seconds left. No? Thank you so much for coming down.

And our next presenter is Kristina Poturica. Did I get that anywhere close?

**Ms. Kristina Poturica (Private Citizen):** Oh, pretty close.

**Madam Chairperson:** You say it.

**Ms. Poturica:** Poturica.

**Madam Chairperson:** Poturica. Oh.

**Ms. Poturica:** Yes. Just like it's spelled.

**Madam Chairperson:** Like in the—

**Ms. Poturica:** Think of pot eureka.

**Madam Chairperson:** Poturica, perfect. And you have materials and are handing them out?

**Ms. Poturica:** Yes.

**Madam Chairperson:** Thank you. Okay, please go ahead with your presentation.

**Ms. Poturica:** To all the presenters, the committee members and all Manitobans. I'm here today to bring attention to an injustice. Our rights as citizens of Manitoba, Canada, are being violated by the very people that we elected to represent us and to respect the right of all people of Manitoba to have a voice in the decision on whether or not to increase the provincial sales tax by 1 per cent by holding and binding referendum in which all citizens can either approve or disapprove of this increased tax.

As I was walking across the Legislative Grounds today to attend this public hearing, I passed by the Nellie McClung monument and was reminded that these women fought hard for myself and other women across Canada and the world to have the right to vote. I believe that we have taken a step backwards, and what would we—they say to Mr. Selinger about taking away our right to vote on this increase in PST? I believe that we—they would be appalled by this violation of our right to have a say and to vote on something that will impact our lives in so many ways.

I consider myself so fortunate to live in Winnipeg, Manitoba, and to be a Canadian citizen. I know that my life as a woman in this environment has offered me opportunities that some women only can dream of. I have the right to educate myself, to open and run a business, to decide my destiny in every way, and, yes, the most precious of all, I can vote. My parents left a war-torn country to come to Canada and to provide their family opportunities that they could not provide for us there, and so did many others and still many today.

Why did they come here? People immigrate here because our standard of living, our democratic society allows people to live their lives to the fullest and to have choices that most likely they would not have in their homeland. The majority of them live under governments that do not and will not respect their right to live their lives with freedom of choice, their right to have a vote on anything that affects them.

I believe by not following due process and by deciding to change it without the vote of the people, it's letting them down and all existing citizens in

Manitoba—Canadian citizens in Manitoba. What example are we setting for them? Are our leaders following their mandates with honesty, integrity? Are they making hard choices to make sure that they are keeping their platform promises and adhering to the letter of the law? Are they being accountable for their use of power and judgment in how they spend our taxpayer dollars? These are all questions that—I don't know—what are the answers?

As a small-business owner in Winnipeg, I have successfully owned and operated a hair and esthetic studio for the last 10 years. The last two years, even though we have grown in size and the number of employees, we have seen—not seen an increase in profitability to reflect that growth. In dissecting every aspect of my business according to my accountant—all the different places I have to look to see where I could decrease our spending to be able to increase wages and future growth—I noticed that our ability to charge out for our services was not keeping up with the rate of increase of our expenses. So I was planning an increase in our pricing, which we try to do about every two years.

However, just as we were going to implement the increase, we were informed that all of our services were now going to be taxed by extra 7 per cent except for haircuts under \$50. I still don't know who was the person who decided that. I'm trying to figure that one out, which, by the way, a 7 per cent increase is way over what I would even increase our prices in one year. I mean, that's a high increase. It was so unexpected and, of course, so devastating to realize that we could not now increase our pricing to keep up with the rising cost of doing business and to give our employees a much-needed raise.

If you work on commission, that's how you get your raise. Although, to a client servicing us, they saw it as an increase, and, of course, we had to apologize for the increase and to explain this—that this money was not going to us, but we were forwarding all this money to our government for them to decide where it should be spent.

Over the last year, we have collected, from our clients, over \$36,000—and that's roughly—which we have not directly benefit from and now we are going to have to pay—add another percentage to that, which we did July 1st.

What could I do with that income to benefit our team and clients? We could have hired another apprentice, had a wage increase for existing staff,

given more bonuses, invested in education, et cetera, et cetera.

We have also noticed a trend in clients' spending habits as well as in reduction of visits per year because they are also trying to stretch their dollars to go further. So we are looking for ways to reduce our spending and to make our dollars go further. We have laid off one person; we have hired—we haven't hired anyone; we have lost one person to Alberta, higher wages and opportunities; one to mat leave, can't help that one; and one who decided to work for herself because I could not give her an increase in wage that she was asking for.

She decided to go and—what we call chair rental in our industry, and it's a trend in our industry and a lot of trade-based industries, that people want to hide their income. So I think you will see this trend across the board. When a person's take-home pay stays the same and the expenses around them keep going up, then people become very creative on how to hide what they earn so they do not pay tax on it. So, in essence, you create a whole underground economy that keeps growing.

Of course, those of us who choose to run our businesses honestly and are incurring overhead, hiring employees, subsidizing apprentices, paying out benefits, we are hammered by government taxes, extra benefits to pay out, such as CPP and EI, which they're proposing an increase, business taxes, et cetera, and we cannot hide our incomes, so we are suffering.

I have spoke with many salon and small-business owners that are either wondering why are we doing this, taking on all this extra risk, expense, et cetera, and some have gone under.

You may say, well, that is the risk you take when you're opening up a business and so you should be more savvy in how you're running it. Well, I have been savvy and I've been frugal. However, I can't—I cannot compete with the wages and benefits paying—being paid out to government and city employees at all and certainly cannot compensate for tax increases that are now influencing how much my clients are willing to spend or service us. I have 28 years of experience in what I love to do and I certainly have not seen that my wages keeping up with the wage increases in the non-private sectors.

What I can do, though, is improve our odds of success is to provide excellence in service, value-added services, competitive pricing and

evaluate our standards to justify the prices we charge.

However, when the clients are going to be hit with an increase of taxes on all of what they buy, they will change their spending habits based on how much income they have left over, after paying for all the essentials and leave less disposable income to spend on things that they really enjoy. I could see this may also influence people moving to other provinces and increase cross-border shopping as well.

So, I ask you, are we setting up Manitobans for failure and creating an uncompetitive climate for business development, growth, both existing and new investment? Seeing that Manitoba is approximately 60 per cent driven by small business, I do not see how this is going to spark our growth and job development. I can see how this will decrease our odds of this happening and employers laying off more employees, hiring less, expanding less and really not wanting to take the risk of even starting a business in Manitoba.

They may choose to go to other provinces where they have been paying attention to reducing their spending, reducing taxes, investing in small business, reducing government bureaucracy, becoming more efficient with their spending, meeting budgets, reducing investment in projects that should be mostly privately funded and overall focused on spending our tax dollars just more wisely. That's what I've been asked to do.

\*(20:10)

So, in conclusion, I challenge our leaders to engage in all Manitobans and take this proposal to the people of our great province. Let us have the right to decide how we want to spend that hard-earned money and to hold our leaders accountable on how they spend that money. If they truly believe that this is the best way for our province to prosper, then they should take—be able to defend that and prove it to us that this is the path that we need to take. I want and I need to have faith that we, the citizens of Manitoba, have a voice and the right to invoke the process that is in place to protect those rights.

Thank you for allowing me this time, and I thank you, all in attendance, for your ear.

**Madam Chairperson:** Thank you for your presentation.

Questions from the committee?

**Mr. Struthers:** Thank you very much, Ms. Poturica.

I think you make a very clear case against the increase in the PST. And I think you also make a very good explanation to the impact that's going to have on your business and your clients. So I appreciate that.

I also know that this tax increase has come along at a time when there's increased city taxes, and increased federal taxes, and other challenges that you and other small businesses are up against.

We have some huge challenges in terms of flood infrastructure, to the tune of a billion dollars, that we have to address as a Province. We want to participate in the federal-provincial Building Canada Fund that has come out. This is—these are billions of dollars that we have to have on the table to participate or we miss out.

Some provinces increase health premiums to pay for it, and some increase personal income tax to pay for it. Some have cut—and not just minor cuts—but some have cut very deeply into health and education and other things.

What's your advice to me on how we should get the money to participate in those infrastructure challenges that we face?

**Ms. Poturica:** Well, I'd say that I'm not opposed to paying taxes and getting services. I believe that's the only way we're going to get them.

But I am a person that has been client servicing for many years. And so I believe that I have to decide what I'm going to give that client for the money that they are paying, and does my service match the amount of money that we're paying.

So, if the government can take that same attitude, and say, okay, you know, I'm going to give you this service for the money. I'm going to provide you with the details on how I spent that money. And also be forthright in saying to us, as Manitobans, hey, we have this challenge, yes, we do.

But in the end, I feel that there's been investment in projects that really truly should have been private investment mostly, and very little from the community. And so that's happening again and again and again. And I'm seeing that happen.

No one comes to my door and say, hey, Kristina, do you want another extra \$10,000 to increase your—to improve your place? All the money that I've

borrowed, that I've asked for, I paid back, and I paid with interest, right.

So I would think it would make more sense, as the other man was saying, is to look at personal income taxes and increasing them on the people that can afford it.

I have looked at the statistics about what people make across Canada. And, yes, for \$8,000, why is anybody in Manitoba paying taxes when you earn \$8,000 or less? That seems ludicrous to me.

So, yes, I think that's the key, is to look at a more fair way of doing it, because somebody comes to the till and is paying that money, but really doesn't have a good understanding where that money is going.

And the general attitude that I have from people and clients in my chair—I talk to a lot of different people, a lot of different income groups—personally, they think coming here is a waste of dime, but I don't feel so. I feel we have a right to speak out, we have a right to vote, and I encourage everyone to do that.

And, as a woman, living in this country, that is like the biggest right you could ever have, because you can just turn on the news and what is happening around the world. We are very, very fortunate here.

So, yes, I don't begrudge paying taxes. That is not my problem here. My problem is the right to vote, the right to have input and consultation with industry before you decide to tax them, and give them more than three months' notice on that, because that's all I got.

So that's my answer to you.

**Madam Chairperson:** Thank you.

Mrs. Driedger, briefly.

**Mrs. Driedger:** Thank you, Ms. Poturica.

I do know that, at the time, the government, last year, expanded PST to hair and salon services, that it created quite an impact in the—in that industry, and over a thousand women signed petitions to criticize the government for it and ask them to rescind it. And, of course, the government didn't do it. Now they've expanded it.

There is a business that I visited the other day. They've lost 35 per cent of their business now because of these PST hits. Have you found that you're finding that in your industry, too, that there are more and more people that have seen such a significant drop in business?

**Ms. Poturica:** Yes, I have seen a drop in business. I've just seen it mostly in stretching out appointments, longer periods of time. I do have long-standing clients that are choosing not to service with me anymore because their incomes are—they're in retirement mode and they can't really afford to pay for my services. But, at the same token, I do have younger staff that can take on these people, so that's a bonus to me.

But, yes, in talking with a lot of people in our industry, the trend is for people to go and rent a chair so that they can save money and not have to pay any overhead. But here's the challenge, is that the person who runs the place still has the overhead and still has to maintain the place. So, yeah, there is a drop in services. There is a drop in people's perspective of valuing the service, and I had someone say to me, well, you're paying—I'm paying you this amount of money for the haircut. Is it worth it? And I said, well, it is worth it if you get what you want out of it, but at the same token, do I go to you and say, is your job worth it? Are you—should you get an increase in wage? So, yeah.

And I think women in general, if you look at our industry, it's 90 per cent women dominated. So my clientele is 90 per cent women dominated. So this tax really does affect women, and women in general, they go for job interviews. They go into the job market. They have to go and look good, and so how are you going to look good if you're on a limited income and you can only provide so many things and services for yourself? So, yes, there is a drop and it's substantial.

**Madam Chairperson:** Thank you so much for presenting. Our time for questions, I'm sorry, expired a while ago there. Thank you so much.

Our next presenter is Mr. Jeremy Friesen, and do you have written materials with you to distribute?

**Mr. Jeremy Friesen (Private Citizen):** Yes, I do.

**Madam Chairperson:** Okay, thank you. Our staff will help you out with that. Please, go ahead and proceed, Mr. Friesen.

**Mr. Friesen:** Okay, I brought in some material from the government. It's government documents, the financial reporting and accounting in Manitoba education, the FRAME network. I just brought it in so if people want to double-check the literature in here as to what's in my speech they can look it up and see that I'm being accurate.

I'd like to start out by thanking everybody for being here tonight. It's a hot night and it's got to be hard listening to people voice comments the way they're coming out, but it's great that we have this opportunity.

I came out to talk about why I don't think the PST increase is a good idea. If time permits, I would like to cover our government's management of the public education system, the accounting behind it, who's running our public education system, how it's funded, who a PST increase affects most and what might be a better strategy for the people of our province.

Even though public education isn't the government's largest expense, if you combine the portion of funding our public schools get from property taxes, it becomes one of the largest expenses for the taxpayers of Manitoba. As a parent of children that have entered our public education system, I really don't want to hurt the quality of education we have. If anything, I would like to maintain it or improve on it. But as a former business owner, I see enrollment that is down and expenses that are growing at an uncontrollable pace, which concerns me.

Normally, helping a business become more efficient would involve suggesting ideas on what might be done to improve productivity. But, unfortunately, in this case, there is a more serious issue that involves the way our expenses are being reported to the public. I have included a few pages of our government's FRAME manual which tries to describe the basic principles behind the way our accounting is done.

\* (20:20)

Function 700, Transportation of Pupils, is the most business-like function that our school boards operate. Not only is it like a business, but in Winnipeg, most school divisions subcontract out half their fleet so they are actually in competition with a for-profit business. The definition of Function 700 consists of all costs, including supervisory and clerical personnel related to the transportation of pupils, does not include the purchase of school buses over \$20,000 per unit, as they are recorded in the Capital Fund. The only item that is excluded in this definition is the school buses over \$20,000. But in reality, our Transportation of Pupils building is being excluded as well, and not in a legal way. If you look at the definition of Function 800, Operations and Maintenance, it states: consists of all costs, including

supervisory and clerical personnel related to upkeep, maintenance and minor repair of all school buildings and grounds.

So, in regards to a Transportation of Pupils building, where should these expenses be recorded? According to the definition of Function 700 and 800, they should be recorded in both functions, but they can't be, and these expenses are not being recorded in the Transportation of Pupils, even though there is a building that is being used for the purpose of transportation of pupils. I have confirmed this with our secretary-treasurer at the Louis Riel School Division, Mr. Brad Fulton. All of the operational expenses that this building is throwing off are being recorded in Function 800, Operations and Maintenance.

The reason I am so frustrated by this is because Function 800 is just a bunch of buildings, mostly for the purpose of education, which is what we're doing. It's public education and that's what those buildings are used for, except for this one. The whole Function 800 is hard for the public to analyze, because it is not a business. So, by moving expenses from 700 to 800, it doesn't really affect 800, but it makes 700 look smaller and easier for the trustees to explain.

If you've ever gone to a budget meeting at a school board, they always like to say, we're all about people. And they say, these are our expenses, and they lump them all into big categories and they just say, you know, we're all people. We can't do anything about it. But really, if you examine what a business model within the school board does, you can see that there are possibilities.

Provincially, we pay millions of dollars every year to have these financial statements audited, and yet no professionally trained chartered accountant can find this and have it corrected. When accountants do audits, they talk about misrepresentation. Well, in this case, I believe that the number that is being represented for Function 700 is not the number that represents the definition described to the public.

Accountants also like to talk about materiality, meaning whether the number is off by enough to matter. In this case, because it is provincial legislation, it will affect every school division and some misrepresentation will be more material than others. The school divisions outside the city that do not subcontract out any of their buses will more likely be out by a much greater percentage than our divisions inside the city.

I talked to our Auditor General, Carol Bellringer, in January to address this problem. She seemed a little upset and frustrated at first and she kind of muttered, the government shouldn't give people that much information so they can figure this out. At first, I wasn't sure what this meant, but I slept on it and I started to research accounting done by other Canadian provinces. Then I realized that this whole system of counting has been set up to be a little bit ambiguous. Other provinces are doing the same thing. They're just not defining the functions the same way that we do in the FRAME manual. This, in my opinion, still doesn't make it right.

The other question Carol kept asking me was: Does it matter? I would like to give two different explanations of why it does matter. Many other accountants I have discussed this with agree that the note is wrong, so they say that the note should be reworded to exclude the Transportation of Pupils building too. I agree, legally, this would solve the problem, but fundamentally, now you're saying that this business excludes two of the biggest assets needed to run a business. Why not just exclude labour and fuel and then we could all have a party, because transportation of pupils costs would be next to nothing—just on paper, though. When you distort the numbers that much, it can be made legal, but really, what's the point? It's nowhere near reality.

Secondly, I used to own shares in a business that I helped manage. What would have happened to me if I would have presented to my shareholders a financial report that didn't include the building expenses that I needed to operate my business?

I didn't really come here tonight to only talk about accounting. The whole reason I started looking at these financial statements—because I thought that I could help improve the efficiencies at the school board. Turns out that the school board doesn't feel that it is a part of its mandate to operate efficiently. I was told that by the superintendent that used to be there, Terry—*[interjection]* Yes.

In the earlier years of my business, I had some friends graduating with an education degree. I think because I owned a woodworking business and they were teaching industrial arts, they felt that I might be interested in why—in the way their school operates. So, by two different friends in two different divisions, I was told that one of the most important messages they got from their employer was that if they didn't want to have their next year's budget cut,

they should make sure that they spend all of the current year's budget.

As funny as this was at the time, it kind of explains the culture and productivity in the school system. Almost all of the positions at the school board are filled by ex-teachers, except for the secretary-treasurer, which is really more of an accounting and an explanation role than a business management role. To me, this goes a long way in explaining how every year there is an increase in expenses at the school board, even though, in many of these years, the enrolment has been declining, as demonstrated in the charts included.

To me, the quickest way to fix this problem would be to put more people in place at the school board level that are actually qualified to fill these positions. If you look at the moves that the universities in Manitoba have been making, most of them now have a certified general or management accountant in the role of business management. A neighbour of mine actually works for the—it used to be the French collège, and now they call it the university, and he's a CMA, and he started there, and he's doing business management for them. And I just think it makes a world of sense to have that happen.

Even though I have focused on public educations tonight, that is not the only government spending that has led to the imbalance in expenses and revenues we have. Any person or business or government that spends more money than it takes in will eventually have a problem on the balance sheet. In order to fix this, we can either raise revenues, like the government have—has suggested, or cut our expenses, possibly not only managing our business more efficiently, but also spending more within our means.

I've read some literature from what Nova Scotia's put out, and they have some really interesting stuff on living within our means. But regardless of which route we take in solving our problems, I would think that the government should possibly reconsider picking the PST as a possible source of extra revenue. The PST is simply a consumption tax and, actually, there was a gentleman here before me, and he covered this way better than I did in the last paragraph, so I'll just leave it there. But thanks very much for listening.

**Madam Chairperson:** Thank you so much for—Mr. Friesen. Questions from the committee?

**Mr. Struthers:** Can we ask if there's agreement to have the full documentation that Mr. Friesen has brought forward included into Hansard?

**Floor Comment:** By all means.

**Madam Chairperson:** Good. *[Agreed]*

*I came to talk about why I don't think a PST increase is a good idea. If time permits I would like to cover our government's management of the public education system, the accounting behind it, who's running our public education system, how it's funded, who a PST increase effects most and what might be a better strategy for the people of our province.*

*Even though public education isn't the governments largest expense if you combine the portion of funding our public schools get from property taxes it becomes one of the largest expenses for the taxpayer's of Manitoba. As a parent of children that have entered our public education system, I really don't want to hurt the quality of education we have, if anything I would like to maintain it or improve on it. But as a former business owner I see enrollment that is down and expenses that are growing at an uncontrollable pace, which concerns me.*

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*Function 700 "Transportation of Pupils" is the most business like Function that our school board's operate. Not only is it like a business, but in Winnipeg most school divisions subcontract out half their fleet, so they are actually in competition with a for profit business.*

*The definition of Function 700—Consists of all costs, including supervisory and clerical personnel, related to the transportation of pupils. Does not include the purchase of school buses over \$20,000 per unit as they are recorded in the Capital Fund.*

*The only item that is excluded in this definition is school buses over \$20,000. But in reality our Transportation of Pupils building is being excluded as well. Not in a legal way!!!*

*If you look at the definition of Function 800—Operations and Maintenance—it states—Consists of all costs, including supervisory and clerical personnel, related to the upkeep, maintenance, and minor repair of all school division buildings and grounds.*

*So in regards to a Transportation of Pupils building, where should these expenses be recorded? According to the definition of Function 700 & 800 they should be recorded in both functions. But they can't be, and these expenses are not being recorded in the Transportation of Pupils. Even though there is a building that is being used for the purpose on transportation of pupils, I have confirmed this with the secretary treasurer Brad Fulton of the Louis Riel School Division. All the operation expenses that this building is throwing off are being recorded in Function 800 Operations and Maintenance.*

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*the same way that we do in the FRAME Manual. This in my opinion still doesn't make it right. The other question Carol kept asking me was "does it matter?" I would like to give two different explanations of why it does matter.*

*1. Many other accountants I have discussed this with agree that the note is wrong, so they say the note should be reworded to exclude our Transportation of pupils building too. I agree legally this would solve the problem, but fundamentally now you're saying that this business excludes two of the biggest assets needed to run the business. Why not just exclude labour and fuel then too? Then we could all have a party because Transportation of pupils would cost us next to nothing, right? Just on paper. When you distort the numbers that much, it can be made legal, but really what's the point? It's nowhere near reality.*

*2. I use to own shares in a business that I helped manage. What would happen to me if I would present to my other shareholders a financial report that didn't include the building expenses that I needed to operate my business?*

*I didn't really come here tonight to only talk about accounting. The whole reason I started looking at these financial statements was because I thought I could help improve the efficiencies of the school board. Turns out that the school board doesn't feel that it is part of its mandate, to operate efficiently.*

*In the earlier years of my business, I had some friend graduating with an education degree. I think because I owned a woodworking business and they were teaching industrial arts they thought I might be interested in the way their school operates. So by two different friends in two different divisions I was told that one of the most important messages they got from their employer was that if they didn't want to have their next year's budget cut they better make sure that they spend all of their current year's budget. As funny as this was at the time it kind of explains the culture and productivity in the school system. Almost all of the positions at the school board are filled by ex-teachers, except for the secretary treasurer, which is really more of an accounting and explanation role not a business management role.*

*To me this goes a long way in explaining how every year there is an increase in expenses at the school board, even though in many of these years the enrollment has been declining. As demonstrated in the charts included.*

*To me the quickest way to fix this problem would be to put more people in place at the school board level that are actually qualified to fill these positions. If you look at the moves are university have been making, most of them now have a certified general or management accountant in roles of business management. Which seems to make a lot of sense.*

*Even though I have focused on public education expenses tonight that is not the only government spending that has led to the imbalance in expenses and revenue that we have. Any person or business or government that spends more money than it takes in will eventually have a problem on the balance sheet. In order to fix this we can either raise revenues like the government has suggested or cut our expenses. Possibly not only managing our business more effectively but also spending more within our means. A province that seems to be on the right track with this initiative is Nova Scotia.*

*But regardless of which route we take in solving our problems I would think that the government should possibly reconsider picking the PST as a possible source of extra revenue. The PST is simply a consumption tax that affects the lower income people in Manitoba a lot more than the wealthy. Poorer people spend all their income on the necessities of life while the weather have a lot of savings. It doesn't make a lot of sense that our most left leaning party would choose to tax the less fortunate only to try and give it back in social programs. Unfortunately the governments efficiencies in the running our social programs is so poor that we would most likely be better off just leaving a little money with our poorer population.*

#### **FRAME**

##### *Section 2: Concepts and Accounting Principles*

*To meet the PSAB definition, the property conveyed or assigned to the school or school division acting as a trustee, must be provided to fulfill a particular objective of the donor of the property conveyed or assigned. The school or school division would merely administer the terms and conditions set out in the trust indenture. For this reason, the assets and activities of the trust are excluded from the school division's reporting entity.*

*A school or school division acts as trustee when it administers trust funds on behalf of the beneficiaries specified in the agreement. As trustee, the school division is accountable to third parties for the use and disposition of trust assets and for the funds*

*derived from those trust activities. Trust assets are not owned by the school division, and should not be included in the school division reporting entity.*

*Trust funds must be recorded and reported separately. They must not be included in the school division's Statement of Financial Position as cash, a liability, or due to/from other funds. School division financial statements should disclose, in a note or schedule, a description of trust funds under administration by a school division and a summary of trust balances.*

*Often the term "trust funds" is applied to assets earmarked as a result of a school division policy decision when no trust liability exists. Such assets comprise part of the school division reporting entity and are to be consolidated.*

#### **2.5 Classification of Expenses**

*To provide a common language through which complete, accurate, and valid data can be obtained, it is necessary to know what was purchased (the object of the expense), why the expense was made (function), where the beneficiary of the expense is located (instructional organization) and how the expense is financed (funds).*

*Object - (what was purchased) - This dimension defines the service of commodity obtained as the result of a specific expense (e.g. salaries, supplies).*

*Function - (why it was purchased) - The functional classification system provides for four levels of classification. At the primary level are the functions which describe very broadly the services provided. Each function consists of a number of programs which relate the principal operations to the broad functions. Each program consists of a number of sub-programs, which identify the main components of the program. Sub-programs, in turn, are broken into activities or elements to provide additional detail or to assist in the classification of individual transactions.*

#### **Four Levels of Classification:**

*Function – major group of related programs*

##### **5.10 Transportation of Pupils – Function 700**

*Consists of all costs, including supervisory and clerical personnel, related to the transportation of pupils. Does not include the purchase of school buses over \$20,000 per unit as they are recorded in the Capital Fund.*

#### 5.10.1 Administration – 710

*Consists of expenditures for administering and supervising this function.*

#### 5.10.2 Regular Transportation – 720

*Consists of costs relating to the safe transportation of pupils to and from an instructional facility on a regular basis. This includes fleet maintenance and repair, the cost of contracting out buses and /or drivers, professional development for bus drivers, and bus ridership instruction provided by transportation personnel.*

*It also includes transportation to and from instructional facilities, other than the instructional facility which the pupils normally attend, where the purpose is to provide instructional programs not available at the home facility.*

#### 5.10.3 Allowances in Lieu of Transportation – 770

*Consists of activities related to the payment of monies to parents and organizations in lieu of providing direct transportation services normally supplied by the school division.*

#### 5.10.4 Boarding of Students/Dormitories – 780

*Includes all expenditures related to the boarding of students in lieu of transportation. Also included are expenditures related to the management and control of students' dormitories. The regular operating expenses of the facility should be recorded under plant operations and maintenance.*

#### 5.10.5 Field Trips and Other – 790

*Included are transportation expenditures for field trips, co-and extra-curricular activities, and other activities which are not part of the Regular Transportation program category above. Non transportation costs such as meals, lodging etc. are not to be included here but included under applicable instruction program.*

#### 5.11 Operations and Maintenance – Function 800

*Consists of all costs, including supervisory and clerical personnel, related to the upkeep, maintenance, and minor repair of all school division buildings and grounds. Includes utilities, taxes, insurance, and supplies. Does not include capital costs. Desks, chairs, tables and computer equipment are to be included in the instructional functions, not in Function 800.*

#### 5.11.1 Administration – 810

*Costs of expenditures for administering and supervising this function.*

#### 5.11.2 School Buildings – Maintenance – 820

*Consists of all activities related to keeping school buildings, systems (heating, lighting, plumbing, etc.) and equipment clean and ready for daily use. Also includes:*

- *minor repairs of an upkeep or routine maintenance nature, such as replacing filters, oil, belts, batteries, hardware, etc.;*
- *painting and varnishing;*
- *annual cleaning or servicing of mechanical/electrical equipment to keep it in operating condition.*
- *utilities, rentals, leases, property taxes, and building and property insurance for schools buildings.*
- *Workplace Safety and Health officer costs (salary, furniture, supplies, support, etc.)*

*All other school building and systems repairs are charged to Program 850, School Building Repairs and Replacements*

#### 5.11.3 School Buildings – Repairs and Replacements – 850

*Consists of repair and replacement expenditures, of a non-routine or non-annual nature, required to maintain schools in operating condition. See sub-section 8.7 to determine if expenditures are repairs and replacements or betterments. All expenditures recorded in Program 850 are eligible for Section D funding.*

#### 5.11.4 Other Buildings – 870

*Consists of activities described under Program 820. Included would be teacherages, administration building, dormitories and residences, repair shops, warehouses, transportation buildings and other non-educational buildings. Also includes property taxes and building and property insurance for buildings other than school buildings.*

#### 5.11.5 Grounds – 880

*Includes expenditures for operation of grounds such as snow removal, grass mowing, planting, and for repairing, replacing and maintaining the utility of*

walks, driveways, playgrounds, flagpoles, fences, etc. Also includes property taxes on vacant land.

feel you got through your whole presentation, so I wanted to make sure it was all on Hansard for everybody to be able to follow up on.

Earlier this evening, I asked a presenter if he believed that, you know, that funding for a school would be considered critical infrastructure, because that's part of what we're going to accomplish with Bill 20, is it—we raise this one-cent-on-the-dollar revenue—we take that money and we apply it directly to critical infrastructure. He indicated that he didn't think a school would qualify as critical infrastructure. Would you see a school and our investment in a school as being part of that critical infrastructure that the PST money should go towards?

**Mr. Friesen:** To me, when you're raising PST—you're talking about raising PST and having it going towards critical infrastructure—I mean the PST being a consumption tax. I'd like, it goes into general revenue. I would much sooner you have—you tax me and tax yourself instead of taxing the poor people. And then you can have it go wherever you see fit.

Because, obviously, we have a problem; we need revenue. And I have kids in the school system, and I want them to have a good education. That's one of the most important things we have here. Like, if we don't keep up with our education, we're going to fall behind even more than where we are now.

\* (20:30)

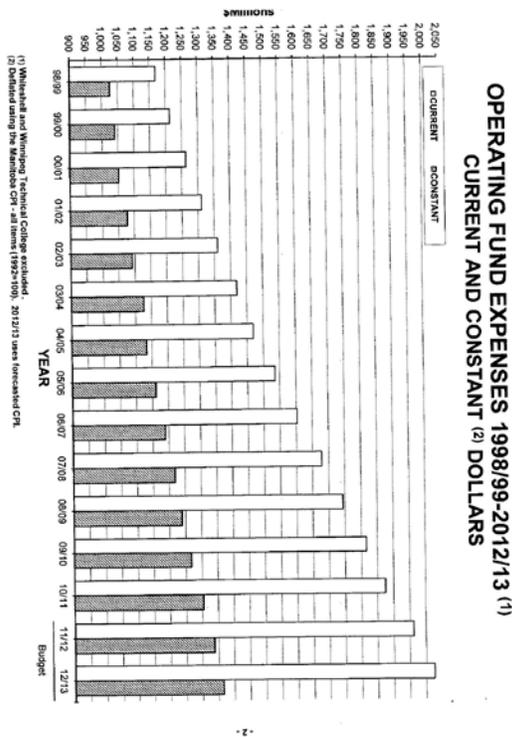
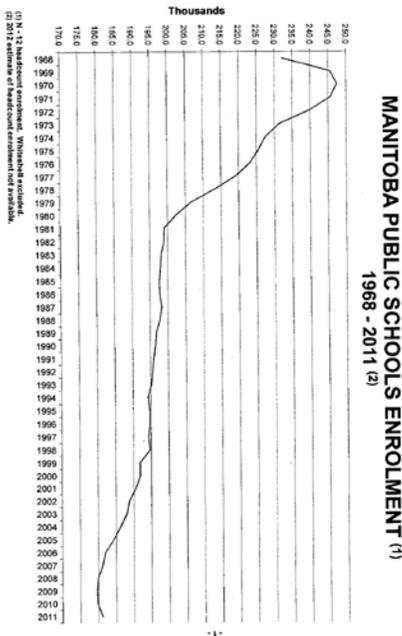
So education is very important, and however we get there is good, but who we're taxing matters too, and I don't think we should be going after the people that are having it. When our superintendent in our school division starts off at his budget meeting and he says how many kids don't show up at school with breakfast in the morning, you know, it concerns me, and I kind of feel for them because we live pretty high on the hog in our household and it makes me feel pretty bad when I hear stuff like that's going on. And, you know, I don't know how to fix it, but I know this isn't going to help fix it. This is just going to add to the problem.

**Madam Chairperson:** Thank you. Do we have any other questions?

**Mr. Helwer:** Thank you for your presentation, Mr. Friesen. I—sorry—you have to swear for the first part.

**Madam Chairperson:** Sorry. I know how to say it. I apologize.

**Mr. Struthers:** Okay, and thank you very much, Mr. Friesen, for coming and speaking with us. I didn't



**Mr. Helwer:** Not you, Mr. Friesen. Mispronouncing my name, but that's normal.

**Madam Chairperson:** I apologize.

**Mr. Helwer:** I, like you, am a small-business owner, although now I'm a politician in this world, but I'm interested in your comment about the way the budget operates and your friends that are told that if they don't spend their budget they'll lose it next year. And that's obviously not the way that business works. And what would you suggest the government change in order to make that more acceptable to the way that we see the world?

**Mr. Friesen:** I have a friend that's fairly high up at a government—a city department, and he says that they don't operate that way anymore. They actually, if they have a surplus, they don't have it taken away from them. They actually get to accumulate it, and industrial arts, if you got to accumulate your surplus, you wouldn't just be buying wood; you would actually be able to buy a piece of machinery, right?

But, I mean, that's just a small part of the issue. Really, the bigger issue is having the culture, like what you're learning from that culture, and when you go into a position at the school board level with that culture, like, you don't have what a business owner has. You don't know what it means to put your house on the line. You don't know what it means to, you know, be worried about, you know, your pricing and where you're at, and if you have enough work for your employees and this kind of stuff.

So, to have somebody that's a certified management or, you know, certified general accountant at the board level, it just makes more sense than promoting people from within the school division. And I have nothing against the teachers. My brother's a teacher; my dad was a teacher for a while. I have nothing against teachers. It's just we all grow up in very different cultures, and the culture you're in at work is a part of who you become and what you believe. So if that's what you believe your reality is, then your decisions are going to be based on your reality and it doesn't work. It just doesn't work.

**Madam Chairperson:** Thank you, Mr. Friesen. We have a few seconds left.

**Mr. Struthers:** Yes. I want to pick up on what Mr. Helwer and you have been talking about, because I think it is a very practical thing that we have to get

control of. Our year-end across government is March 31st. We'd notice a lot of the departments that were hurrying like crazy in March to get some spending done. We call it March madness, and in my view, March madness should stay to basketball and not be part of this. So what we started doing is we looked at the historical spending patterns and we took that money from them at the beginning of the year and then they had to come back to us at Treasury Board and make a case of why they should have that money back. We found that went a long ways in terms of conquering March madness.

But you're right. You always have to be very vigilant on that, whether you're in government or whether you're in school divisions or any organization, even in the private sector, where I've heard that happens too, and you don't want that to be happening because not—it's spending that's not based on any kind of rationale.

So I very much appreciate your advice on that.

**Madam Chairperson:** Thank you, and our time has expired. Thank you, again, Mr. Friesen, for coming down. I appreciate it.

All right. Our next presenter is Mr. Roland Stankevicius—I've got to do this better.

**Mr. Roland Stankevicius (Private Citizen):** Stankevicius.

**Madam Chairperson:** Stankevicius. All right. Stankevicius. Thank you.

**Mr. Stankevicius:** I'm Lithuanian.

**Madam Chairperson:** Do you have any—yes, you do, great. Thank you. Please go ahead and present.

**Mr. Stankevicius:** Good afternoon, Chair, and members of the standing committee. I'm really happy to be here and I commend you on your perseverance for listening to the citizens and to gain their perspectives on an area of controversy.

My name is Roland Stankevicius, and I'm here to speak on the matter of Bill 20, which, in effect, would provide a reasonable and important increase in revenue for the government of Manitoba to invest in the present and future for all Manitobans.

I want to state that I was born and raised in Manitoba. I have my family here, and I'm very proud to be a Manitoban, and I've seen tremendous

improvements in this province over time. And I think we're moving in the right direction.

We are all in this together, building our families, our homes, our communities, strengthening our province and our cities and towns. The very stark reality is that building and strengthening requires the finances to get the job done. Everything I've read and seen or heard tells me that the capacity of governments, whether they're local, provincial or federal, to even keep up with the required or improved or replacing degrading infrastructure, is a very active and challenging file, and the capacity may be considered to be much in doubt. However, the alternative of not addressing these issues, to my mind, is an invitation to greater disaster and catastrophe. We've seen it with collapsing bridges and roads. We don't want that here.

Flood mitigation. These are very real issues. Whether we are in the eye of the climate change mode, we have to prepare for the future. We only have to appreciate our Duff's Ditch in the face of the recent devastation in Calgary with flood waters of the Bow and Elbow rivers engulfing large parts of that great city. In fact, news articles have said that Winnipeg is a template for what Calgary must do now. The public investment to build the Red River Floodway in 1963 and then to expand it in 2005 has been a unmitigated success story on the important role of the public sector investment in infrastructure for the city of Winnipeg and the province as a whole.

In 2013 and going forward, our province faces many challenging infrastructure investments that are non-negotiable. We need to invest now and we need to prepare for the future. Our citizens, our children, families and our communities deserve no less. We may be arguing about where to tax or how to tax, but we need to finance and to build.

My parents arrived here from Europe after World War II. In fact, my mother came to Winnipeg in the summer after the devastating 1950 flood. For dad and mom, this was a new beginning, a land of opportunity where their dreams could unfold. Manitoba, and predominantly Winnipeg, is where they made their commitment. Ours is a classic immigrant story where hard work, commitment, faith and effort would pay dividends.

Sometimes, we like to think that my parents and many parents like them did this all on their own. And, to a large proportion, they did. Hard work, sacrifice were fundamental individual principles. But I know there was a lot more to it. My brothers and I

benefited from an outstanding public school education. I went to Alexandra School here at the corner of St. Mary street and Edmonton where the Convention Centre sits, then to Gordon Bell. All three of us continued to University of Manitoba where a publicly supported and funded university allowed us all to attend and graduate from university. We've all settled here. We're all working. We're all contributing to the fabric and the flavour of Manitoba.

I have three children of my own. They're all proud to be Manitobans. They want to flourish here in Manitoba because they see it's a good place where there is the—not only the necessities of life, but a quality of life that they wouldn't want to trade for greener pastures.

Course, as children, we benefited from our public health care. As a growing family, we lived in a safe and friendly neighbourhood. That neighbourhood was down in West Broadway. It may be not as safe and friendly these days, but 30 or 40 years ago, it was just a wonderful place to be a kid. We had great trips to 'destination'—destinations all over Manitoba: Grand Beach, Winnipeg Beach or to far-flung provincial campsites in the Whiteshell area.

The point of this is that my father, who often told us he came to this country with his 10 fingers, was able to work and to provide for his family the opportunity for a better life where his contributions to Manitoba to grow, to build and succeed were significantly determined by a fundamental progressive investment in structures of government. He appreciated all of those things. A good union job. He worked 'til he couldn't work anymore, and he created a lot of success for our family.

\* (20:40)

This is a very similar narrative true for tens of thousands of new Manitobans. It is the hope and dream for so many families to grow, prosper and succeed with a good education, proper medical care, safe roads, highways, bridges and the like, clean water, a healthy environment, safe and accessible communities. With investments in basic infrastructure it is far below likely that Manitoba families of all origins, classes or compositions will be able to contribute and succeed as part of our present and our future.

The increase of 1 per cent on the provincial sales tax is reasonable and responsible. Growing deficits

are not wholly responsible alternatives. And given the worldwide economic climate, a plan to fund investment for infrastructure development and replacement is responsible action. This decision takes courage.

I know that this tax increase is not popular, or liked, or enjoyed. It can be a poison pill for those in political life. The facts of the matter are that to maintain and hopefully improve the quality of life for Manitobans today and into the future, we need to invest now. We have seen this before with our Red River Floodway and so many other important, progressive investments by government that will pay off with a safer, cleaner, smarter and successful economy throughout our fair province.

At this point I could list some—how I see government investments have taken place to contribute so many good things that are already in place that will keep young Manitobans here: our new home for the Bombers, Investors Group Field; the Canadian Museum for Human Rights; the Jets and the MTS Centre; reconstruction of Highway 68; reconstruction of Highway 10; CentrePort developments; Lake Winnipeg watershed rehabilitation. All of these developments that I've listed is far from complete, but it doesn't get done without the involvement of government in a progressive and imaginative way.

We all know that the significant financial involvement in these initiatives by our governments have improved and enhanced the quality of life in Manitoba, and will do so for generations to come.

I do think it is very important for governments and for those who believe in positive impacts of strong, public sector commitment in the economy to clearly identify and prove their value by communicating the role of government and improving the lives of their citizens. And as we've heard here today, a lot of people are complaining about the 1 per cent and where's the money going. I believe that this government should do a lot more in identifying specifically how this money is enhancing and improving the lives of Manitobans presently and into the future.

I have a friend, a neighbour, who says you know what? If—you know, if I was in charge I'd be shouting from the rooftops what I've done with that money to make Manitoba a better place in terms of hospitals, schools and any other improvements to infrastructure. People have to understand that the government is working in their interests.

It's far too simplistic and faulty to believe that building, improving, replacing and developing this incredibly vast province can be accomplished without a responsible price tag and budgetary consideration. In simple terms, we can't have something for nothing. A far worse alternative of slashing government budgets, creating unemployment, eliminating health, education and other services is a wrong-headed, austerity recipe that has proven so faulty and devastating in the past in many parts of the world today.

I believe that this 1 per cent increase is a fair and balanced approach that will continue to support essential programs and services for all Manitobans, focusing on infrastructure development. This will not disrupt economic growth. Other tax relief measures and improving employment investment growth is a good way to balance these things out in difficult economic times.

I note that Manitoba is now reporting a lower unemployment rate at 5 per cent. Unfortunately, we will probably only be slowing the growth of the infrastructure deficit, you're not solving the problem we face. The value of the work that needs to be done on our roads, bridges and other infrastructure continues to grow, this is not a small problem. But I am clear-headed enough to understand that some action on the revenue side is warranted and is what we need—what we need is addressed in Bill 20 as a start.

**Madam Chairperson:** Thank you, Mr. Stankevicius. Questions?

**Mr. Struthers:** Thank you very much, Mr. Stankevicius, I was very pleased you came and spoke with us tonight. The first thing I want to do is commend you on your choice of clothing with the blue and gold and the W, especially after last night's beat-down of the Montréal Alouettes, you know, hang in there, it's going to be a good year.

Also, I think you made a very good case in terms of investing in infrastructure to build our province and to build our economy. I was particularly interested in what you had to say about flooding and being prepared for floods. One of the things we very specifically noted when we introduced Bill 20 was that the money would go to infrastructure including infrastructure towards preparing for the next Manitoba flood. And I think we all understand that there will be one. Members opposite mocked us in terms of: the flood's over, Struthers, don't worry about it; that's just an excuse to raise the tax.

The City of Brandon is moving forward with our government to prepare for the next flood. Calgary didn't do that and I'll never forget the—I'll never forget those pictures coming out of Minot, North Dakota, where people were being plucked off the roofs of their houses and the water up to their eavestroughs. Do you think that it's prudent, both to protect—invest in that infrastructure to protect Manitoba families and what's your sense of what that kind of investment will do to spur our economy, to stimulate our economy?

**Mr. Stankevicius:** Well, I'm not an expert in that area but in preparing for this I did do some research on the Red River Floodway and at the time of the development back in the late '50s, after the big 1950 flood where they were saying floods would occur every 36 years on average and devastate Manitoba and possibly create a ghost town. The potential there, they said, cost-benefit for the flood mitigation on that basis was in the early '60s, was about 1 to 3 in terms of cost-benefit. So, there's always a benefit.

They measure it now, more recently, at the turn of the century, 1 to 40, so the benefit is massive, it's very real. The billions of dollars in terms of repair, replacement or even the existence of one million people and growing here in the Red River Valley, would have been jeopardized. I think it was clear-headed thinking in those days. We know what the arguments were in those days about not doing it and I think it's something we have to look at as a solution to living in a glacier lake basin.

**Mrs. Rowat:** And I take exception to the minister indicating that he's being mocked. I live in Souris, Manitoba. We lived through the flood and what I'm having some trouble with is we have a lot of people that have been ignored by the government and actually have people crying because they've been told that they were going to receive supports and did not receive supports and have given up. So, you know, when we—if he says mocking, I'm saying I care about the people that have been affected and I think they deserve to have a voice and we see that a government hasn't done that. So I appreciate your comments with regard to the ditch because I think it has saved heartache and I can tell you, it's heartache when you see families that have lost everything.

And on that point, with regard to heartache, can you let me, or can you share with the committee tonight how you feel this 1 per cent increase is going to have an effect on the poor? You've indicated that

it will continue to provide services and programs and will not disrupt economic growth, but it will have a personal hit on the working poor and others who are using services such as food banks.

**Mr. Stankevicius:** I'm not an expert in that area but my understanding and reading some of the news clips and the releases on the issue to 'miti-against' against the poor, there have been some eliminations of the applications of PST to certain items for children and youth. I do believe that there is a desire to not have it impact the poor. Frankly, I'm thinking that this tax is really targeted for the middle-class people who are buying larger items. There—the projections are for \$277 million, that comes from—and the impact on the poor should be addressed and maybe the committee can come up with suggestions on how we can further mitigate that, whether it's a PST credit, rebated to those people who file an income tax report, however that can be generated. I think there's some good ideas around eliminating—the target is not people who are working hard, trying to get a foot on the ladder; it is really about raising revenue to build Manitoba so everybody benefits. So I don't think the target—although there may be an impact there, I do believe that this committee in its wisdom could probably come up with a way of developing a scenario to rebate and lessen the impact.

\* (20:50)

**Madam Chairperson:** Thank you so much. The time for questions has expired, and I appreciate you coming.

Our next presenter is Mr. Ron Chapman. Mr. Chapman. No? All right, he will go to the bottom of our list.

And we will ask for Mr. Walter Bryk. Do you have any materials you would like distributed, Mr. Bryk?

**Mr. Walter Bryk (Private Citizen):** No.

**Madam Chairperson:** Okay. Please go ahead and proceed.

**Mr. Bryk:** Okay, I just want to come here and congratulate Mr. Selinger's executive assistant. And the reason I'm here is, it's not the 1 per cent, it's the way it was done by Mr. Selinger.

I've—I'm a senior citizen, lived in this province for almost all my life, with the exception of four years, and he's, to me, the least ethical Premier (Mr. Selinger) that this province has had. That he didn't do

anything to explain, especially after he promised not to raise the sales tax, he raised the—he's doing it. If he would have explained things, it could have been done, but he didn't.

Now, the other thing, when I say ethical standards, the PST increase. The second thing that I don't think he's been quite honest with is how they're trying to get rid of the Jockey Club from some—doing some things that are kind of underhanded, and seeing they need so much money and they're so determined to put the hydro transmission line on the west side when it can go on the east side. That's about all.

Just watch him try to sweet-talk voters with goodies that the PST hike will give him. Don't believe him, he's a liar.

**Madam Chairperson:** Thank you, Mr. Bryk. Do you want to stay for questions?

**Mr. Bryk:** Thank you. I had to get that off my chest, because I've been through—how many? I've been through many, many premiers and this is the only one that has acted this way.

**Madam Chairperson:** Would you like to stay at the podium for questions or?

**Mr. Bryk:** Well, I'll try to answer questions, sure.

**Madam Chairperson:** Okay, there's five minutes of questions.

**Mr. Struthers:** Well, thank you very much, Mr. Bryk, for coming and getting that off your chest. I appreciate you coming to your Legislature and talking with us, and have a good evening.

**Mrs. Driedger:** Thank you, Mr. Bryk, for being here and for providing us your comments.

**Mr. Bryk:** It's—I just—it's the way it was done. Okay, thank you.

**Madam Chairperson:** Okay. Thank you. Mr. Bryk, did you want to answer one more question?

**Mr. Bryk:** Oh, okay, sure.

**Mr. Gerrard:** All right. Thank you for your presentation. I mean, it really was heartfelt, and I think there's a lot of Manitobans who feel that—just like you do, that there's just something not right about the way this was done.

**Mr. Bryk:** I believe in not lying, not making a lie. You know, if you say something you're going to do it, you do it. If you can't do it, you explain why you can't do it and then it's not a lie.

Over the years, there've been people that I've known, they tell a lie one time, what do you say the next time? He's a BSer, don't believe whatever he says, right? So you get that reputation.

And if Mr. Selinger—I don't like to call him Premier Selinger because I don't respect him in that respect, but he should tell the truth and be more forward to the citizens of Manitoba.

I understand that there was a newspaper that had a poll taken. The Winnipeg Sun had a poll taken, and 85 per cent of the people said they wouldn't vote for him again. And he would deserve it. I hope it goes to 90 or 95.

Okay, thank you.

**Madam Chairperson:** Okay. Are there any other questions?

Thank you so much, Mr. Bryk. Appreciate you coming down.

And our next presenter is Maria Collard. And do you have materials to be distributed? *[interjection]* No. Okay. If you would just go ahead and start.

**Ms. Maria Collard (Private Citizen):** As a small-business owner, I feel that this PST raise is not only illegal but unfair.

I bought my salon in 2009 after having rented a chair there for nine years. When the previous owner presented to me the operating costs, I felt I could manage and took the plunge.

Fast forward to 2011, I received notice in December that my rent would be increasing 25 per cent as of July 1st, 2012, when my new lease would start. I was not worried as my salon prices were reasonable enough that I could do this moderate increase to cover this cost.

Then I got notice that PST was to be added to salon services and insurance commencing July 2012. Seeing as my prices were now going up 7 per cent, I was unable to raise my prices to cover my rising cost.

This past year has been a struggle. I was hoping to raise my prices, having a year pass since the PST being added. Now it has been decided by the NDP that they need more money, so, therefore, I am forced to raise my prices another 1 per cent, money that does not even go towards my rising cost.

We have found at our salon, clients stretch their appointments further apart. We already had GST on

services. Why is PST creeping into these areas? PST is a retail tax and should only be on retail items such as take-home goods.

My daughter is apprenticing at my salon and sees how these costs and taxes are negatively affecting my small business. Would she be better off to move to another province to ever get ahead? My husband and I are both tradespeople and can work anywhere in Canada. Should we stay in this business-unfriendly, overtaxed province? That is a decision I'm going to have to make at the end of my lease.

Please reconsider this tax hike. It hurts all Manitobans, business owners, and families alike.

I would just like to add that my salon does not employ stylists except for one apprentice. All my stylists are chair renters and have their own business numbers, and collect and submit their own PST and GST. This impacts them as well.

May I add that there is no income hiding, as our appointment books are kept for audit purposes, and the purchases my stylists make through our suppliers' accounts reflect their income and expenditures. Also, my stylists have their own debit machines, and therefore there is always a paper trail.

I feel I am empowering others to be self-employed and enjoy the entrepreneurial spirit.

Thank you.

**Madam Chairperson:** Thank you very much for your presentation. Questions?

**Mr. Struthers:** Thank you very much, Ms. Collard, for coming in this evening.

I do get your point about the tax on tax on tax that small businesses do face, including yours. You mentioned the GST, which is a federal tax, that has been put in place. You mentioned our PST that's been put in place and increased, I understand that.

And I know that there's a competitiveness out there from province to province. One of the things we do have an advantage in is our small-business tax being at zero per cent, which no other province can boast.

Does that factor into your decision making when you think about where you're going to set up? I understand that smart business people look at the whole picture, everything from hydro rates to employment and training opportunities.

But does that small-business tax at zero help you at all to make a decision to stay in Manitoba?

\* (21:00)

**Ms. Collard:** The—I don't know exactly about the small-business break, or that zero per cent you're talking about.

I know that when I bought my business, I got a statement that I didn't even know existed. The other owner never mentioned it to me. But it was at the city tax, I guess—if you rent a place under a thousand square feet, you're exempt from the business attack-tax. So I only save, I think it's like \$690, which I would have to pay, which—I mean, that helps, but it's not a huge savings to me. But I think if I moved to another province I would probably just rent a chair, work for someone else because now, having been through this, I just find it—I don't know if it's just Manitoba—if other province would be a struggle, but I find it a huge struggle.

**Madam Chairperson:** Thank you.

**Mrs. Driedger:** Thank you, Ms. Collard, for sharing that and sharing the struggles as a small-business owner, a woman owner in a tough, you know, business environment. Can you tell us what would incent you to want to stay? You know, I suppose if the government rescinded the PST increase—better yet, if they had not put it on to hair and salon services, spa services in the first place—that might have been a benefit.

The other people that are sharing chairs in your business, do you hear similar comments from them about moving and about the challenges they're facing?

**Ms. Collard:** Yes.

**Mr. Gerrard:** Thank you for your presentation. We're hearing from a number of people who are in your particular business and industry. It really appears that putting up the tax, extending the tax last year and then putting up the tax this year is a major disaster for people in your industry. What do you think would be offering you an opportunity to—that the government could do that would best ameliorate this situation? Suppose that they decided that they weren't going to go back on the PST, what could they do to help your business, your industry?

**Ms. Collard:** I don't really know how to answer that. I don't honestly know because, I mean, if they favour one thing, it's going to go somewhere else. But I just find the PST being added—I'd like to know where all

the money they're collecting from my insurance—my home insurance, my business insurance, every insurance I pay, and now this, what they're collecting on my services, where is that money going?

**Madam Chairperson:** Thank you. Did anybody have a further little question? No. Thank you so much for coming.

Our next speaker, presenter, is Mr. Cody—and I'm going to need help with this one—Dzik? Do I drop the D? Thank you. And do you have materials to—

**Mr. Cody Dzik (Private Citizen):** No, I do not. Just my own notes.

**Madam Chairperson:** Okay. Thank you. Please go ahead.

**Mr. Dzik:** Thank you.

Ridiculous ideas that we're going to raise the sales tax. That's total nonsense. Everybody knows that. Everybody knows that. Apparently, everybody except Mr. Selinger and today's NDP.

Good evening, Madam Chair, and the committee—members of the committee. I am both happy and disappointed to be presenting to you tonight. I'm happy that as Manitobans we still have the democratic right to appear before this standing committee to offer our opinion of Bill 20. But, saddened as I, like many others who have come before me tonight and the previous evenings, recognize the fact that our presence and our words represent an exercise in futility and fall upon deaf ears.

Since the NDP were re-elected in 2011 we have already seen numerous expansions and increases of taxes. The gas tax was increased effective May 1st, 2012, adding yet another 2.5 cents per litre in the name of infrastructure. On July 1st, 2012, MPI's vehicle registration fees were increased by \$35, again, in the name of infrastructure. On that same date, the NDP expanded the provincial retail sales tax to also include personal services such as spa treatments and hair styling as well as insurance contracts, not to mention recent increases in alcohol and tobacco taxes. There's a clear trend here: spend, spend; high inflation and high debt.

We have now been unfairly saddled with the Canada Day increase of 1 per cent to the provincial sales tax. Like many other Manitobans who have spoke before me, what I found most disheartening about this announcement was the complete disregard that today's NDP have shown for the democratic

process. The Balanced Budget, Fiscal Management and Taxpayer Accountability Act clearly states that subject to subsection 2, the government shall not present to the Legislative Assembly a bill to increase the tax, the rate of any tax imposed by an act or part of an act listed below unless the government first puts the question of the advisability of proceeding with such a bill to the voters of Manitoba in a referendum and the majority of the persons who vote in the referendum authorize the government to proceed with the changes.

The retail sales tax is one of three taxes to which a referendum applies. I'm not a professional politician, but this sounds pretty straightforward to me.

The only two exceptions to this requirement mentioned in subsection (2) apply only and I quote: if, in the opinion of the minister, the increase results from changes in federal taxation laws and is necessary to maintain provincial revenue or to give effect to a restructuring of taxation authority between the federal government and provincial governments, or in the opinion of the minister, the proposed change is designed to restructure the tax burden and does not result in an increase of revenue—neither of which apply in this particular case.

Ms. Jennifer Howard of the NDP was recently quoted, drawing attention to the fact that is standard practice to bring in tax increases prior to budget bills becoming law, citing the recent increase to the tobacco tax that I previously mentioned. They draw attention to the fact that the Filmon government in 1993 expanded the PST and began collecting before their budget passed into law.

While it is still fresh in the minds of those present, I would like to draw attention to the fact that those types of increases are not included under current referendum legislation, which only stipulates that increases to The Health and Post Secondary Education Tax Levy Act, The Income Tax Act and The Retail Sales Tax Act require a referendum.

I, like many other Manitobans, recognize the elected government's right to govern, and I feel this is exercised frequently, such as in the previous examples of increases to gas and tobacco taxes. But when a requirement for a referendum such as this is so blatantly violated with such arrogance, it tosses our government as a whole down a slippery slope. If we don't like the law, we'll simply change it. This attitude can only lead to an erosion of the democratic values that this country was built upon and quite

frankly, it is an affront to the governing party's namesake.

Elected officials are supposed to be elected to represent the people. Mr. Selinger himself claims that his vision for Manitoba involves putting Manitoba families first. And to quote directly from the Manitoba NDP's website, Mr. Selinger states: I believe that anyone asking voters for the privilege of serving in government should be clear about where they're going and how they plan to get there.

This sounds an awful lot to me like accountability. And yet, despite such a powerful statement of intent, today's NDP demonstrate time after time again that accountability is not a priority and that it is only themselves they intend to put first as Manitoba's already engorged bureaucracy continues to swell.

It was initially claimed that Manitoba's finances would be balanced by 2014-2015, but yet here we are in 2013 facing yet more tax increases and another claim that we won't be balanced until at least 2017. I speak for many others when I say that the NDP has lost the trust of the electorate. With deceit at every corner, how can we have faith that the extra PST revenue will even be spent as claimed? It is simply not fair to return to the taxpayer to demand more, more and more and more money when those entrusted with the task of balancing the books failed to succeed.

Manitoba should be focusing on intelligently trimming the fat from its finances, and I feel this can be accomplished without the scare-tactic threat of sacrificing front-line services. Our rate of public sector employment needs to be curtailed and brought in line with the national average, which alone would save hundreds of millions of dollars each year. We need logical and fair solutions like reducing this workforce by attrition.

We need to identify and eliminate non-essential spending, which, at the risk of sounding reductionist, is a practice undertaken by most Manitobans on a regular basis and, I think, very well explained by the presenters who have come before myself.

Instead, we build new government offices, new stadiums and new museums while our roads crumble. I've lived in Winnipeg since I was born, and as a young professional planning my future education and career goals, I'm reminded, on an increasingly frequent basis, to look forward towards bigger and better opportunities outside of Manitoba,

because the future today's NDP is building does not seem an attractive place to build a life or a business.

Standing before you today, I implore the government to withdraw Bill 20 and demonstrate some semblance of respect and accountability towards the Manitoba taxpayer. Present to us a thorough and honest explanation of why this party feels this increase is justified, and acknowledge the existing legislation by allowing a referendum. Actions speak much louder than tired old excuses blaming previous governments for our current state of affairs. If today's NDP want to prove that Manitoba families do, indeed, come first, then they must allow for Manitoba families to be heard.

I was pleased to see the recent announcement by the official opposition advising that Mr. Robert Tapper has been retained for the purposes of legal proceedings against this—excuse me—injustice.

The NDP have made it ostensibly clear that they are no longer listening, so I call upon all of those that remain opposed to Bill 20, be it private citizen or politician, to continue to fight tooth and nail. Keep your receipts, sign petitions, participate in social networking, let your voice be heard and let's not let this—forgotten when we next go to the polls.

Bill 20 is total nonsense; everybody knows that. Thank you.

**Madam Chairperson:** Thank you, Mr. Dzik, for your presentation. Questions?

\* (21:10)

**Mr. Struthers:** Thank you, Mr. Dzik. I appreciate you coming to the Legislature tonight.

I think you make a fair point. I think that we should be giving consideration to trimming our expenses. Any government needs to do that and we are doing some of that. You may disagree that—maybe it's not enough, but we have—we face a—of our flood report of a billion dollars. We face billions of dollars in terms of participation in the Building Canada Fund for critical infrastructure; we want to participate with the feds on that. The feds in their budget also said that we have to contribute to the—pick up their costs and match them in terms of the Labour Market Development Agreement. These are billions of dollars' worth of challenges that Manitoba faces.

You've said that you don't want to add to deficits, and that's a fair point too.

Having said that, how deeply are you willing to cut into services to find those billions of dollars in savings? What are the things that you would cut in order to receive that?

**Mr. Dzik:** Well, I think you mentioned it well when you said that we may disagree on these points as to the amount of cuts that I would suggest.

Personally, I think there's a lot of bureaucratic fat that could be trimmed and especially we're building infrastructure for things like museums and stadiums. These are non-essential items in my opinion and items that are—they're absolutely great to have and, yes, certain ones do, I think, provide us with I get—I guess, a better economic stance in terms of drawing travellers and whatnot. But, when it comes right down to it, I don't think we need that many of those non-essential items, and by curtailing that we could forward some of that, you know, that monies towards the infrastructure, the critical infrastructure issues at hand.

But I also feel that, just based on the previous tax increases that have occurred, it just seems to trouble me that increases keep occurring in the name of infrastructure, but we're still yet facing this huge, enormous crisis.

**Mrs. Driedger:** Thank you, Mr. Dzik. And I guess I'm—you're probably becoming concerned that it's going to be your generation and the generation after you that is going to be stuck with the kind of spending debt that this government is going to leaving to future generations.

You're a young man and I'll ask you the same question because normally we don't hear from young people that get really engaged and involved and pay attention. And what has made you so passionate about this? You've been very, very articulate and passionate. What has made you feel so strongly about this?

**Mr. Dzik:** I think the point that really made me feel the most strongly was just the fact that it—the way the tax increase was delivered, because, all honestly, I'm completely open to hearing if the NDP want to propose a tax increase. I'm completely willing to listen to that if they can present to me, you know, absolute, complete details and a thorough explanation of what the funds are going to be used for. And I just feel that this way just to completely ignore the legislation, throw it directly at us and tell everyone basically that we don't care about your opinion.

The fact that I'm presenting right now and the tax increase already occurred July 1st, frankly, sickens me.

**Mr. Gerrard:** Thank you for your presentation.

You've heard the Minister of Finance (Mr. Struthers) say that, you know, a critical reason was large expenditures on flood prevention infrastructure. This year the tax PST increase is expected to raise close to \$200 million.

But in what we have, you know, found to date that this year the amount of money that will be spent on flood prevention infrastructure is only a tiny fraction of that. And so it, you know, one of the problems that many of us have is that, you know, we hear one thing from the minister, but the reality of what we're finding when we ask questions is quite different.

I just wondered if you would comment.

**Mr. Dzik:** Certainly. And that is one of the main points that I think troubles me the most as well, the fact that we don't know really where this money is going. The stories have kind of changed a bunch of times, there's different spins on it and we can't quite get a definite answer. And I think, yes, that, I mean, absolutely is just what's troubling me the most about it.

And on the previous meeting evening when I was here just to observe the meetings, I know Mrs. Driedger mentioned how monies have been siphoned from previous years from infrastructure, hundreds of millions of dollars. And that troubles me as well, right. Where is this siphoning, and how come that's not being mentioned now at this point?

**Madam Chairperson:** Thank you, Mr. Dzik. Appreciate you coming.

All right, our next presenter is Mr. Darrell Rankin.

And just as he's coming up, I'd just to thank you all for hanging in there; you're all doing a very good job.

Do you have any presentation material, Mr. Rankin?

**Mr. Darrell Rankin (Communist Party of Canada-Manitoba):** Yes.

**Madam Chairperson:** All right. Our staff would be happy to help you.

**Mr. Rankin:** Should I wait for it to be distributed?

*Mr. Vice-Chairperson in the Chair*

**Mr. Vice-Chairperson:** Mr. Rankin, please proceed.

**Mr. Rankin:** Okay. Okay, my name is Darrell Rankin. I'm the leader of the Communist Party in Manitoba since 1996. We're a working-class party based on Marxism-Leninism with the goal of a socialist society in Canada. We were formed in 1921 soon after the Winnipeg General Strike and the devastation of World War I. Another way to look at us is that we are always trying to give the business big shots a hard time and, eventually, jobs.

I'm here to talk about why the Manitoba NDP is becoming a unifying force in Manitoba. They are uniting working people, the poor, small business and farmers against their budget. The sentiment seems to be change the budget or change the government. Now, for my written presentation:

Besides hiking the sales tax by 1 per cent and cancelling a referendum on the hike, the only more unpopular measure the Manitoba NDP could take is to declare the mosquito an endangered species. If the government is facing a revenue shortage, it is because Manitoba's economy is suffering a slow recovery from the 2008 world economic depression.

It is because we are still a wealthy province, but taxes are not being imposed on those able to pay. It is because inequality and impoverishment are growing side by side. In such a situation, if you want a fairer society and a better chance of recovery, the way out is to tax those able to pay and create jobs and educational opportunities so that in the long term, Manitoba can recover on a solid basis, not just by luck if other parts of the world economy recover. We should also be spending far more on reducing carbon emissions so that other jurisdictions can use our example, or we will all continue to face horrendous flood recovery costs, not just recovery but prevention costs.

The Community Party has the view that the Manitoba NDP government needs to cancel the sales tax hike or withdraw the budget bill. We would still want to have a vote on the sales tax hike if it goes ahead. We said so in a public statement yesterday that I don't think was noticed by one media outlet. We were not surprised because the media usually ignore our statements. To us, as Marxists, it is like ignoring the views and interests of the working class. So I'm here tonight to tell you personally why we think a sales tax hike and cancelling a popular vote on the tax are bad ideas.

We like idea of democratic control over the economy, rather than the present system that gives those with wealth the power to make most economic decisions. It is these people who have made Manitoba a low-wage economy that discriminates against Aboriginal workers, women, immigrants and youth. If we truly had a democratic, popular control over the economy, we would have a far fairer society in this province.

When you promised voters that they will have a referendum on future tax increases, then you were removing the small amount of power people have over their lives other than joining a union and fighting for a wage increase.

To us, it is another objectionable sign that democracy is being eroded, and if votes could actually improve things for working families, they will be banned. I believe you cancelled the referendum on the sales tax hike because you thought you would lose and that you actually are convinced your idea is better than everyone else's. You knew that a sales tax hike would be unpopular, but you did not want to increase revenues by means of a progressive tax, a tax that would mean-meet resistance by the wealthy and corporations. In other words, the Manitoba NDP decided to impose a sales tax hike on those least able to pay or resist.

The NDP listened to big business interests that this was an acceptable way to raise revenue, namely, groups like the Business Council of Manitoba, the group that started pushing for the sales tax idea in 2011. I know there was support for this idea last year also in the Manitoba Federation of Labour and in a paper by Errol Black and Lynne Fernandez of the Canadian Centre for Policy Alternatives. But this merely shows that the labour movement today is quite often aligned with big business on major economic questions. As the party that has the view that the interests of labour and big business are actually quite distinct and contradictory, communists believe this is a temporary situation; it can't last.

\* (21:20)

The next economic downturn, the next big failure of capitalism, the next interest hike on mortgages, the next war or the next sales tax hike can trigger a far bigger response than the possibly irreversible unpopularity of the Manitoba NDP government.

Manitoba is not immune from the growing resistance to global corporate power. So, right now,

because of the sales tax hike, the average working family might have to make its first trip to the food bank this year, or forego summer camp for a child, or dance lessons, or one last course at university or college, or one less visit to the grandparents' home. But, sooner or later, the growing burden and unfairness of our present economic system in Manitoba will have an important political fallout and create a demand for policies that put people before profit.

About five years ago, the Manitoba NDP website featured the slogan: From Each According to Their Ability, To Each According to Their Needs. The famous quotation from Karl Marx is no longer there. We have tried, without success, to find out what the changes were to the Manitoba NDP's constitution at its last convention. Maybe that was taken out, like other socialist language at the federal level, but today I'm going to assume it is still in the Manitoba NDP's constitution and examine why the Manitoba NDP does not—what the NDP does—why it's so different from what it says—I messed that up.

The Manitoba NDP has done nothing to reverse the trend that more people are using food banks every year. It offers no realistic food policies—I think it's about double, since you first were elected in 1999, by the way—it offers no realistic policies that would create a more fair society. Karl Marx, who discovered capitalism's laws of development, noted that the impoverishment of the working class is a general law in both absolute and relative or comparative terms, relative to those with wealth; impoverishment is a general law that creates and keeps the working class as we see it today in Manitoba.

A 1 per cent sales tax is not going to mean much in the big economic picture, but politically, it is significant. It indicates a general trend of the NDP in Manitoba and across Canada to bow down to big business, despite the growing failure of corporations to create good-paying jobs, create educational opportunities where they are needed, reduce inequality and offer a promising future without war and climate catastrophe. Our party supports the general democratic control of the economy under democratic control—under—public ownership, I should say. Removing a vote on the sales tax gives the impression that the money will not be used to benefit people, but will be used to benefit the corporations whose idea it was to have a sales tax hike in the first place.

I want to close by examining the idea promoted by the Manitoba NDP in this budget that creates taxes—that taxes—that—I'm sorry—the idea that taxes create a fair society. The first point about that is that this—completely ignores history. Working people never won any social right or program without a struggle, including fair taxes. Advances for working people, like unemployment insurance and medicare, came from working class struggles like the On to Ottawa Trek and the Winnipeg General Strike.

It was the Liberal Party under Mackenzie King that promised medicare in 1919, right after the General Strike, and it was no coincidence. At the time, there was also the international example of Soviet Russia, which prompted the Liberal Party's promise. The Russian Revolution created a system of socialized medicare, one of the many reforms that were popular in the labour movement in Canada at the time. Another was the right for women to vote. History matters, where ideas come from.

Secondly, taxes can just as easily be used to create an unfair society. They can be used to create prisons and hire more police officers to jail people from op—of oppressed nations, like Aboriginal peoples, instead of 'crea'—to create jobs and education. They can be used to bail out flood victims who are not Aboriginal, but ignore Aboriginal flood victims for years, as in the case of Lake St. Martin First Nation. I'm speaking, here, of both provincial and federal tax systems—three more paragraphs. Those can be—taxes can be used to impose a burden on workers or on those able to pay, like corporations.

There are other problems with the idea that taxes create a fair society, but the underlying problem is that it is a basic failure of principle not to consider if a tax is fair or unfair.

So, what about the new revenue? Will it create a fairer society in Manitoba? The narrative we are hearing about the use of the added revenue from the sales tax is that it will be spent on overdue infrastructure needs. It will be spent on flood disaster costs, not so much on prevention, because of—the floods will continue to get worse as we emit carbon into the atmosphere at the present rate.

In other words, the budget is responsive and not proactive. It is full of bandages but nothing to cure the injury. It is a palliative budget for a dying and deadly social system. It has no vision or big cure for poverty, for creating good-paying jobs or for access to education where it is needed. The sales tax hike symbolizes all these problems with the budget.

**Mr. Vice-Chairperson:** Thank you, Mr. Rankin. Questions?

**Mr. Struthers:** Thank you very much, Darrell. I appreciate your coming here tonight to speak with us.

I would ask that your whole document be included for purposes of Hansard, if that's acceptable with my colleagues around the table.

**Some Honourable Members:** Agreed.

**Mr. Struthers:** Thank you—I guess that's your—sorry.

**Mr. Vice-Chairperson:** My one opportunity.

*Presentation on Bill 20, Manitoba's 2013 budget*

*Darrell Rankin, Leader, Communist Party of Canada—Manitoba*

*July 5, 2013*

*Besides hiking the sales tax by one percent and canceling a referendum on the hike, the only more unpopular measure the Manitoba NDP could take is to declare the mosquito an endangered species.*

*If the government is facing a revenue shortage, it is because Manitoba's economy is suffering from a slow recovery from the 2008 world economic depression. It is because we are still a wealthy province, but taxes are not being imposed on those able to pay.*

*It is because inequality and impoverishment are growing, side by side.*

*In such a situation, if you want a fair society and a better chance of recovery, the way out is to tax those able to pay and create jobs and educational opportunities so that in the long term, Manitoba can recover on a solid basis, not just by luck if other parts of the world economy recover.*

*We should also be spending far more on reducing carbon emissions so that other jurisdictions can use our example. Or we will all continue to face horrendous flood recovery costs.*

*The Communist Party has the view that the Manitoba NDP government needs to cancel the sales tax hike or withdraw the budget bill. We would want to still have a vote on the sales tax hike. We said so in a public statement yesterday that I don't think was noticed by one media outlet. We are not surprised because the media usually ignore our statements.*

*To us, as Marxists, it is like ignoring the views and interests of the working class.*

*So I'm here tonight to tell you personally why we think a sales tax and canceling a popular vote on the tax are bad ideas.*

*We like the idea of democratic control over the economy, rather than the present system that gives those with wealth the power to make most economic decisions. It is these people who have made Manitoba a low-wage economy that discriminates against Aboriginal workers, women, immigrants and youth.*

*If we truly had democratic, popular control over the economy, then we would have a fair society in this province.*

*When you promise voters they will have a referendum on future tax increases, then you are removing the small amount of power people have over their lives, other than joining a union and fighting for a wage increase.*

*To us, it is another objectionable sign that democracy is being eroded and if votes could actually improve things for working families, they will be banned.*

*I believe you cancelled a referendum on the sales tax hike because you thought you would lose and that you actually are convinced your idea is better than anyone else's. You knew that a sales tax hike would be unpopular, but you did not want to increase revenues by means of a progressive tax, a tax that would meet resistance by the wealthy and corporations.*

*In other words, the Manitoba NDP decided to impose a sales tax hike on those least able to pay. The NDP listened to big business interests that this was an acceptable way to raise revenue, namely groups like the Business Council of Manitoba.*

*I know there was support for this idea also in the Manitoba Federation of Labour and in a paper by Errol Black and Lynne Fernandez of the Canadian Centre for Policy Alternatives last year. But this merely shows that the labour movement today quite often is aligned with big business on major economic questions.*

*As a party that has the view that the interests of labour and big business are actually quite distinct and contradictory, communists believe this is a temporary situation. It can't last.*

*The next economic downturn, the next big failure of capitalism, the next interest hike on mortgages, or the next sales tax hike can trigger a far bigger*

*response than the irreversible unpopularity of the Manitoba NDP government.*

*Manitoba is not immune from the growing resistance to global corporate power.*

*So right now because of the sales tax hike, the average working family might have to make its first trip to the food bank this year, or forgo summer camp for a child, or dance lessons, or one less course at university college, or one less visit to the grandparents' home. But sooner or later the growing burden and unfairness of our present economic system in Manitoba will have important fallout and create a demand for policies that put people before profit.*

*About five years ago, the Manitoba NDP website featured the slogan "from each according to their ability, to each according to the needs." The famous quotation from Karl Marx is no longer there. We have tried without success to find out what the changes were to the Manitoba NDP's constitution at its last convention. Maybe that was taken out, like other socialist language at the federal level.*

*But today, I'm going to assume it is still in the Manitoba NDP's constitution and examine why what the Manitoba NDP does is so different from what it says. The Manitoba NDP has done nothing to reverse the trend that more people are using food banks every year. It offer not realistic policies that would create a more fair society.*

*Karl Marx, who discovered capitalism's laws of development, noted that the impoverishment of the working class is a general law. In both absolute and relative or comparative terms to those with wealth, impoverishment is a general law of capitalism that creates and keeps the working class as we see it today in Manitoba.*

*A one percent sales tax is not going to mean much in the big economic picture, but politically it is indicative of the general trend of the NDP in Manitoba and across Canada to bow down to big business, despite the growing failure of corporations to create good-paying jobs, create educational opportunities where they are needed, reduce inequality and offer a promising future without war and climate catastrophe.*

*Our party supports the general democratic control of the economy under public ownership. Removing a vote on the sales tax gives the impression that the money will not be used to benefit people, but will be*

*used to benefit the corporations whose idea it was to have a sales tax hike in the first place.*

*I want to close by examining the idea promoted by the Manitoba NDP in this budget that taxes create a fairer society.*

*The first point is that working people never won any social right or program without a struggle, including a fairer tax system. Advances for working people like unemployment insurance and medicare came from working class struggles like the On to Ottawa Trek and the Winnipeg General Strike. It was the Liberal Party under Mackenzie King that promised medicare in 1919, right after the General Strike, and it was no coincidence.*

*There was also the international example of Soviet Russia which prompted the Liberal party's promise. The Russian revolution created a system of socialized medicare, one of many reforms that were popular at the time in the labour movement in Canada. Another was the right for women to vote.*

*Secondly, taxes can just as easily be used to create an unfair society. They can be used to create prisons and hire more police officers to jail people of oppressed nations, like Aboriginal peoples, instead of to create jobs and education. They can be used to bail out flood victims who are not Aboriginal but ignore Aboriginal flood victims for years, as in the case of Lake St. Martin—I am speaking here of both provincial and federal tax systems.*

*Taxes can be used to impose a burden on workers or on those able to pay, like corporations.*

*There are other problems with the idea that taxes create a fair society, but the underlying problem is that it is a basic failure of principle not to consider if a tax is fair or unfair.*

*So what about the new revenue? Will it create a fairer society in Manitoba? The narrative we are hearing about the use of the added revenue from the sales tax is that it will be spent on overdue infrastructure needs. It will be spent on flood disaster costs, not so much on prevention because the floods will continue to get worse as we emit carbon into the atmosphere at the present rate.*

*In other words, the budget is responsive and not proactive, it is full of bandages but nothing to cure the injury. It is a palliative budget for a dying and deadly social system. It has no vision and no big cure for poverty, for creating good paying jobs or for access to education where it is needed.*

*The sales tax hike symbolizes all these problems with the budget.*

*For immediate release*

*July 4, 2013*

*Community Party demands NDP cancel sales tax hike*

*Statement of the Community Party of Canada, Manitoba Committee*

*The Manitoba NDP government needs the sales tax hike to withdraw its budget bill. Working families deserve better.*

*The law requiring a vote on the sales tax hike which amounts to about 0.4% of Manitoba's economy should be kept. It is wrong and immoral to promise voters the right to an opinion and then yank the rug out when elected. It is an important principle to have democratic control over Manitoba's economy.*

*The NDP's idea that taxes "create" a fair society is fundamentally flawed. Working people only gained social programs like medicare through struggle. Secondly, it is a failure of principle to not consider if a tax is fair or unfair. A progressive tax is always based on the ability to pay. A sales tax is always unfair to the poor, workers and small business.*

*In fact, the sales tax hike is an attack on working people. Because it is a regressive tax, many workers and the poor will be forced to join the tens of thousands already using food banks to feed their families every month. They will be unable to provide other necessities and comforts to their families.*

*The Selinger NDP budget reinforces inequality, poverty and economic decline, not fairness. It is a budget that helps big business, not people.*

*Representing big corporate interests, the Business Council of Manitoba campaigned for a sales tax hike since 2011. The only thing business wants to share with workers is the provincial debt and the cost of inadequate social, education and jobs programs*

*The sales tax hike also deals a blow to small business and farmers, accelerating their demise.*

*The Manitoba Federation of Labour endorsed the Business Council's idea for a sales tax hike at its convention last year, but this only shows that the labour movement continues to grow closer to business interests on key economic issues.*

*The labour movement today, like the NDP itself, has changed from the fighting movement that created*

*medicare, a fairer society and the creation of much of the public sector itself, into something nearly indistinguishable from big business.*

*It is an important reason why union density in the private sector has plummeted by around half to 17% in 30 years. It also means that public sector workers are sitting targets unless the private sector unions find their old fighting spirit and new ways to create a fair society.*

*If the NDP breaks the law on a tax referendum, then it will be easier for a Tory government to wreak havoc.*

*Instead of bowing down to big business, the Selinger NDP still has a choice. It can continue to prove its loyalty to the system of big business domination that is more unfair every year. Or it can side with the large majority who will suffer from the unfair tax hike.*

*The first path creates setbacks for workers; the second path leads to a fair society.*

*\*\*\*\*\**

*Information: Darrell Rankin, leader*

*Rankin will speak on the budget hearings at the Legislature on Friday, July in the evening*

*Manitoba budget harms workers*

*By Darrell Rankin, People's Voice, May 1, 2013*

*Dealing a blow to workers and the poor, the Manitoba NDP raised the provincial sales tax from seven to eight percent in its April 16 budget. Take-home pay is taking another hit, reinforcing Manitoba's status as a low-wage province.*

*An active coalition to demand a Peoples Budget is needed now, or business groups will increase their grip on the provincial government in the 2015 election.*

*The wealthy elite will barely notice the PST hike. However, workers will have less for the necessities of life. This is a wage cut by other, indirect means—about \$300 a year per family. Before-tax wages in Manitoba were \$3500 (or 8 percent) below the country's annual average in 2012.*

*The budget follows the model of pro-corporate governments around the world, making cuts that harm workers and the needy and protecting the corporations and the wealthy. Impoverishing workers prolongs and deepens the economic crisis that has gripped global capitalism since 2008.*

*In one sense, it is a standard Canadian Prairie provincial budget with no grand vision or hope for a fair society. It is blind to inequality, the wholesale robbery of Aboriginal peoples, the inequality of women and the growing climate catastrophe. Good-paying jobs, higher education and child care will continue to be just a crushed dream for many.*

*Without any factual basis, Manitoba NDP Finance Minister Stan Struthers claims that the PST hike will be "shared by everyone." Struthers emphasizes the need for urgent flood protection spending, but most new spending is for overdue maintenance and an aging population's needs.*

*Needed spending has been delayed for decades as a way to keep public spending low and give Manitoba a "competitive advantage," but there is a limit to how long our infrastructure will last. The Manitoba NDP's spending and tax hikes were demanded by local corporate leaders.*

*There is no other reason why workers and the poor are facing this new burden. The Chamber of Commerce differs with the NDP only by suggesting that the PST hike be entirely directed to municipal infrastructure. And unlike the two-year wage pause announced in the 2010 provincial budget that continues to rob public sector workers of hundreds of millions of dollars, this tax hike hurts all workers.*

*Labour and other groups are condemning the budget for promoting inequality and failing to reduce poverty. For example, the Progressive Conservative and Liberal opposition parties both endorsed an anti-poverty campaign pledge to raise the welfare housing allowance to 75 per cent of market value, weeks before the budget.*

*The budget raised the housing allowance by a paltry \$20 a month, far below the required amount of \$100 to meet the anti-poverty coalition demands. This is the first real increase in the allowance since 1992.*

*A relatively small sum of \$19 million would solve the housing allowance demand, something the NDP might do before the 2015 election. It will take far more significant measures to eliminate poverty, create good-paying jobs and grow the economy than this minor reform.*

*The Manitoba Federation of Labour is pointing out that the NDP has cut \$1 billion in personal and corporate taxes since it was elected in 1999. These tax cuts helped the corporate elite. They also helped create a weaker and more unequal economy.*

*Taxes must shift to a progressive basis, on ability to pay. An inheritance tax on large estates would also go a long way to boost revenue for needed public spending and reduce social inequality.*

*Working people and the poor are being told by the Manitoba NDP that they must pay more to solve the crisis. It's like the NDP has no memory how Canada's economy grew faster and more people had better paying jobs when the wealthy and the corporations paid higher taxes.*

*The NDP is pushing the line that taxes are good regardless of who pays them because we need medicare and roads, but the NDP overlooks the main reality. Today's tax hikes and spending cuts are impoverishing workers. They protect the greedy, not the needy.*

*The Manitoba NDP is creating a new, cruel reality just like other pro-corporate governments.*

*Darrell Rankin is the leader of the Communist Party of Canada Manitoba*

**Mr. Struthers:** Okay. The—I'm also very interested in—right at the beginning of your presentation, you talked about spending more on reducing the things that lead to flooding in Manitoba, and I appreciate that. I don't think we should be running around with sandbags every year when we could put something permanent in place. I don't think we should be spending money on things that don't provide lasting protection and don't get to the problem overall.

What specifically could we do in order to get to—what investments can we make to actually get to the real cause of all the flooding we've seen?

**Mr. Rankin:** I think what you're talking about preventing big climate change the way it's happening right now.

To reduce carbon—the carbon footprint of Manitoba, I think the covering up over of the lady—Brady landfill is a good start. I know you're starting to do that now; that's something that you had planned to do about 10 years ago. I know that you're not going to meet your Kyoto commitments, but there's a lot of ideas that you had 10 years ago that you could still implement today, like the Brady structure.

I think getting rid of the subsidy and the construction cost of the ethanol plant that you're using, because it's totally ineffective as a way to reduce the carbon footprint, would be another measure that could be taken.

Retrofitting housing and office space is another, more immediate, goal, and also funding public transit would be a very important goal too. That would include a public transit system for the rural parts of Manitoba that wouldn't be based on for-profit service. If we went more on buses and trains and things like that as-through transportation, that would be a lot better.

Farming could be also looked at too. There could be incentives put in place for farmers to reduce their carbon footprint. It's very intensive, though, the amount of carbon our farmers use compared to other countries.

**Mrs. Driedger:** Thank you, Mr. Rankin, for being here. And I did read your news release that came out yesterday and appreciated that you sent it to us. And, you know, just thank you for your comments here tonight.

**Mr. Vice-Chairperson:** Thank you.

I call to the podium Thomas Dobson. Mr. Dobson. Any documents for us, sir?

**Mr. Thomas Dobson (Private Citizen):** No. I just have a sheet that I'll be referring to for my own.

**Mr. Vice-Chairperson:** Okay. Well, as soon as you're ready, the floor is yours.

**Mr. Dobson:** I take it it's Mr. Chairman now?

**Mr. Vice-Chairperson:** Temporarily.

**Mr. Dobson:** And members, honourable members, my name's Thomas Dobson. I'm a disabled veteran. Thanks to the New Veterans Charter, I get to live well below the poverty level.

*Madam Chairperson in the Chair*

An increase in the PST means I have to tighten an already Spartan budget. I would challenge—oh, that's great. I would challenge every single NDP MLA to live on my budget for a year. I don't get to tell the VA I need more money. I don't get to run a deficit. I have to pay my bills when I incur them and I don't get to pass my debt on to the next generation. I hope you're listening, Mr. Finance Minister.

\* (21:30)

So, when I see the government racking up public debt and then arbitrarily increasing the PST without mandated referendum, I get really pissed off. It's this government's reckless spending that has resulted in the \$16.3-billion debt—\$16.3 billion dollars. Now that there's another election on the horizon there's no

money to buy votes so the government says it has to raise the PST.

My—the electorate, with our own money. This government is increasing deficit spending with Manitoba Hydro megaprojects without so much as a credible business plan or markets for the electricity. Manitoba Hydro customers will be expected to subsidize the commercial customers of this provincial monopoly by paying enormous increases in their monthly bills and then to add insult to injury they're going to be paying more interest, pardon me, more PST on those subsidies. The NDP, in its utter contempt for its electorate, says the balanced budget legislation limits the actions of future governments.

This legislation protects the citizens of Manitoba from financially irresponsible governments. Nothing, absolutely nothing, limits the actions of future governments like having to pay the debts of the past government. The NDP are poisoning the wells and sowing the fields with salt. These are not the actions of a responsible government acting in the interests of its citizens. These are the actions of a pack of spoiled children who would see this province destroyed if they cannot stay in power. Sadly, the real losers are those who can least afford it, the old and the disadvantaged who will be paying for the NDP's childish fit of rage. The wealthy will vote with their feet and move out of the province, reducing the tax base and compounding the problem.

I recently lived in British Columbia where I did not pay any provincial income tax. I did not have a \$350 deductible on Pharmacare program. I didn't have to wait six months to see a medical specialist and I didn't pay health-care premiums because of my limited income.

There's been a lot of talk about the need to raise the 1 per cent, to raise the sales tax in order to deal with problems with, excuse me, in order to deal with infrastructure problems. Well, I put forward to this committee that failure to budget for these infrastructure problems in the first place is what's causing the problem. And that's just incompetence.

You try to do that in business, you wouldn't be in business for very long. I would say to Premier Selinger and his Cabinet that if you're not going to lead at least get out of the way and do no more harm before we get a chance to replace you. Thank you.

**Madam Chairperson:** Thank you, Mr. Dobson, for coming down and presenting. Questions?

**Mr. Struthers:** Yes, I just want to thank you for coming tonight and giving your advice to us. I appreciate that very much.

**Madam Chairperson:** Oh, I'm sorry my thing's not on. I apologize.

**Mrs. Driedger:** Thank you, Mr. Dobson, for being here and you obviously have been a person that has fought for democracy. You said you were a disabled veteran and I can sense that, perhaps, some of your anger with this comes from the fact that democracy's been ripped out from under us by the legislation that is being ignored here. Do you care to tell us a little bit about, you know, the fact that you're a veteran and what this means?

**Mr. Dobson:** The fact that I'm a veteran might keep the Finance Minister from getting too critical, but the fact is, I understand that there's a principle that you can't pass legislation that limits the actions of the future government but when you use that excuse in this case, it really doesn't hold any water. Sixteen billion dollar debt, okay, that's just not going to fly. That's—you're talking about your and my grandchildren. It's just not going to work. That's where, you know, I'm sorry but passing it on to the next generation, no, forget that. It's your spending, it's the spending that's the problem. I'm not getting the money I should have got as a veteran. That's a federal issue. But, when I see the nonsense that's going on in this province and that Manitoba Hydro boondoggle, you're out of your minds. You don't even have a business plan. Just like the NDP did in British Columbia with the fast ferries. They built a whole class of ferries without even having a business plan. Well, that's nothing compared to the billions you plan on wasting.

**Madam Chairperson:** Thank you, Mr. Dobson. Are there questions?

**Mr. Eichler:** Thank you for your presentation. Having a father that was a veteran, and you being a veteran presenting here tonight, certainly we salute you, sir, and what you stood for, and we appreciate your taking time tonight.

**Madam Chairperson:** Thank you. Anyone else? If not, thank you very much, Mr. Dobson, for coming.

Our next presenter is Mr. Gary Watskins—Watkins, yes. And do you have any materials to distribute, Mr. Watkins? *[interjection]* No.

Okay, then, please go ahead and begin to present.

**Mr. Gary Watkins (Private Citizen):** Okay. My name is Gary Watkins, and I appreciate the opportunity to talk here. And I've been sitting here for four hours taking notes, and I've got so many notes now I've forgotten what to say. But there's something worth saying here, and I would like to commend the courageous people that showed up here tonight, spent three, four hours sitting here, listening to all this and exercising their democratic right. And also respect you for sitting there and listening to us.

And what I want to talk about tonight—well, for the next 10 minutes—is that of all these great, articulate speeches that I've heard, I hear two camps, and I want to speak on the process that the veteran talked about—I guess he's gone, because I'm a veteran myself, a disabled veteran, and I'm here on behalf, probably, of veterans that couldn't talk. And I want to show you something about that in a minute.

But I see these two camps: one is the democratic process, and the other I hear is how are we going to spend the money. So the question is: Is the money legally obtained? There are lawyers in this room. That's an issue that has to be decided. But what surprises me is the attitude of politicians spending money they don't know is legal or illegal. And we've heard people talk about it. We're going to spend it on this and that and this and that. Well, isn't that what Jesse James said? Come on. I mean, we know there's things to spend money on, but is it yours to spend?

And so I want to address the democratic process, and the thing that I want to mention here is that someone got up here and said that public opinion is divisive, costly, and unproductive. That's scary to me, as a veteran. How about undemocratic? How about not letting them vote being undemocratic.

History is fraught with examples of parties that thought the public didn't have a say in what they were going to do. And they played games with it. Seventy years ago my uncle, Herbie Dowds *[phonetic]* got into a bomber and stood up for the right to vote. Herbie *[phonetic]* and his crew, if you want to look at this, are dead, somewhere off the coast of Malta, because he believed firmly in the right to vote and people's conscience to decide. Seventy years ago a party, in 1932, decided that the public shouldn't have a say, and you know where that was. I don't have to tell you. I won't even tell you the party, because you know war, and you know how it went.

\* (21:40)

But the thing is, is that they played a game with it. They said, we'll let the public vote, but we'll be the only party to vote for. Democracy?

I heard—I overheard a party member say the other day, the voters don't really know what to vote for anyway. What kind of attitude is that? Do we live in a democracy?

Frankly, I'm afraid. And I'm up here nervous because I'm a little afraid. And you're talking to a veteran here, okay. You're talking to Herbie Dowds [*phonetic*] and the veterans in Canada who fought for the right to vote.

And I'm not going to say any more about it; I think I've said enough.

I respect the fact that you sat here and listened to me. I respect the courage of the audience. And that's all I have to say.

**Madam Chairperson:** Thank you very much, Mr. Watkins. Questions from the committee?

**Mr. Struthers:** I'm very glad you hung out with us for a while tonight in this temperature and spoke to us about your experiences and gave the advice that you did tonight. So, thanks for coming in.

**Mr. Watkins:** My pleasure. You can tell Herbie [*phonetic*]. Thank you.

**Madam Chairperson:** We have a couple more questions if that's okay with you.

**Mr. Watkins:** Okay.

**Madam Chairperson:** All right.

**Mrs. Driedger:** Thank you, Mr. Watkins, for being here.

I think it's very important that tonight we've heard from some veterans. And I just want to say, you know, on behalf of us, thank you for staying here with us.

And, you know, it's interesting, because I think your presence here reminds us a little bit more about—and showing the picture of your uncle—I think just hits home a little bit more about what this is all about and why it's so important.

**Floor Comment:** Yes, I hope that it reflects on public opinion. Thank you very much.

**Madam Chairperson:** One more, Mr. Watkins, sorry.

**Mr. Gerrard:** I really appreciate your coming and being here and speaking up on behalf of veterans and many others, who I think would share that point of view. And I think your uncle would be very proud of you. [*interjection*]

**Madam Chairperson:** Mr. Watkins, sorry, I'm supposed to say your name before you speak, I apologize.

**Mr. Watkins:** Oh, okay. He would be proud of the fact that we could come here and have a voice. I appreciate it. Thank you very much.

**Madam Chairperson:** Our next speaker is Mr. Vince Rempel. Mr. Rempel is gone. He will drop to the bottom of the list.

Mr. Alex MacDonald. Do you have any materials, Mr. MacDonald?

**Mr. Alex MacDonald (Private Citizen):** Not unless you want my chicken-scratch notes.

**Madam Chairperson:** No, we're good. It's okay. You can just go ahead and begin when you're ready.

**Mr. MacDonald:** All right. I wanted to thank you for having this session where we can all come and speak. I wanted to thank the sponsor of this bill for putting it forward, having the courage to put forward legislation which may not necessarily be popular, but is certainly necessary for funding infrastructure projects, with the federal-matching program, which makes new revenue necessary for it.

The reason I wanted to come here was really specifically about some of the howling I've heard about people leaving Manitoba and—over this tax increase.

And I'm a recent Manitoban. I moved here from New Brunswick with my partner last June. We came here. She was doing her master's degree at the University of Manitoba. And when we made that decision, we were looking at several different options. We were looking at moving to Vancouver or to southern Ontario. And it wasn't just about school that was—that informed our decision, because I had to come along with her. A lot of it was, we looked at, sort of, what—where's a place that we would be happy? Where's a place that we think that we could succeed and potentially put down roots and raise a family here?

So we did a bit of analysis. My background, when I was in school, I was also doing agriculture

trade policy, where often we're looking at different markets and the benefits of, you know, growing wheat in this market versus another. We look at lots of things like taxes on it, like trade barriers that are—like regulatory protections, like, for some people, about ethnical approaches of government. So we take in a lot of it when—a lot when we're looking at doing agriculture trade, whether it's interprovincial or international.

So I took that same approach and only looked at where we were going to go. We looked at what Manitoba had to offer versus what Ontario had to offer versus what British Columbia had to offer versus what we still had in New Brunswick.

We looked at affordable housing. We found that living in Winnipeg is very affordable when you're looking at comparatively in a place like Vancouver. That makes it a very competitive place for people to go and raise families.

We looked at automotive costs because we knew she would have to drive, and I was going to look for work that I could walk and I'm able to do that. So we looked at things like insurance costs and saw that Manitoba had the most competitive insurance prices across the board, certainly better than we were paying in New Brunswick.

We looked at energy costs. You know, for people in the Maritimes, we often struggle with home heating, spending \$1,500 a year just to heat a small, 600 square foot place in New Brunswick. That's tough and when coming to Manitoba, I saw power rates are as competitive as I could ever hope. Wouldn't have to rely on calling up the man from Irving or Esso to rush a delivery of oil and then pay that large bill.

We looked at health care costs. You know, both in good health but, you know, you know, I'm a risk averse person and I want to make sure that I'm not in a province where they're talking about two tier health care, that I'm in a province where the government believes they should stand up and defend publicly accessible health care.

One oversight we had was retail sales tax. We didn't really consider that in our assessment because it's not a big effect on my life. I was looking at the numbers today and 1 per cent increase could cost me tens of dollars a month in a good month. I'm not concerned about the costs. I see how it affects me, myself. Perhaps somebody who's, you know, making well over six figures, they might have a different

look on it. They may say this will cost me \$1,200 a year, which was a number I heard floated around that just seemed a little outrageous for 1 per cent on consumer goods.

One thing that I did note—learn as soon as I came to Manitoba, was the exemptions that the province has, and exemptions on sales tax that are competitive with what I experienced in New Brunswick, and again, I didn't look at sales tax specifically but—in British Columbia and Ontario—but certainly competitive with what we've got in the Maritimes.

I understand the need for the increased revenue. You know, maybe sales tax wouldn't have been my No. 1 choice, but I think it can be a good option. It was one that I think is fair to people. It's very clear to people. To talk about the complexities of income tax, changing those rates, you often lose people, and you can often—and often governments will get away with bigger increases through income tax than they will with sales tax because people can see that. They see it on their bills and it's very transparent in how they're trying to raise money.

The idea of using this money for infrastructure and flood preparation specifically, is something that I'm really glad that we're talking about that. You know, being a Maritimer, we had hurricane Juan more than 10 years ago and the federal government is just finally paying up their end of the bill. I have zero faith in the federal government paying for any sort of disaster relief in any province. The costs of the—the money's not going to be up front when it's needed. And so what we need to do is do our best to mitigate the potential impacts of floods and reduce costs because it's the Province that's going to bear that cost in the short term, and hopefully, within 10 years, you might get some federal money for it.

\* (21:50)

On the referendum side of it, which is the other part that people like to talk about, I was a political science student at Mount Allison University. I love talking about different approaches to governing. Big fan of a lot of political theory. That was more what I really enjoyed. Rousseau was probably my favourite. And we get into great discussions about populism and direct democracy. In—those are something that—I've never seen a well-run direct—a government that uses direct democracy. I strongly believe, as Rousseau did, that direct democracy is only necessary in constitutional issues forming the constitution. Everything else needs to be through elected representatives.

That's why we elect people here. I don't think we need to have referendums on every tax increase, every tax decrease. We never talk about having referendums on tax decreases. These are unnecessary exercises. We elect politicians to make those decisions for us. In all honesty, I would prefer a hard-working representative who believes they're capable of governing, in facing the electorate on a regularity determined by their constitution. And if we have to—I'd take that over the approach of—I maybe say it polemically—a lazy populist who goes to the people and is not willing to stand up behind their convictions and say, I'm for this tax increase or I'm against it, or I'm for this tax decrease or against it, that they would rather avoid making difficult decisions and avoid governing.

So those are my thoughts on the Bill 20, and I appreciate any questions anybody has. And thank you for, you know, staying out here night after night and listening to citizens come out and speak—something that's new to me. It's the first time I've seen this and it's—what an experience to sit here with everyone and be a part of it.

**Madam Chairperson:** Thank you, Mr. MacDonald, for your presentation. Questions from the committee?

**Mr. Struthers:** Well, first off, Mr. MacDonald, I'd like to thank you for choosing Manitoba and you and your partner settling here and living with us.

We've heard other people come forward and anecdotally say that they are thinking of moving out of Manitoba, so I'm—and, you know, we can base our decisions on those anecdotal testimonials that come forward.

The fact is, over the last dozen or 14 years, our population has grown by 125,000. We have a—our population has got younger. We've have one of the youngest populations of all the provinces in Manitoba. And we're much more multicultural than what we were and thanks in part to a number of programs, including the Provincial Nominee Program that I think has been very successful and is now threatened by some of the decisions made out of Ottawa.

But I wanted to see what your thoughts were in terms of—what do you think—for a young couple, what—how important is it that we invest in infrastructure, that we raise the revenues and dedicate it to flood mitigation and to critical infrastructure such as daycares and hospitals and

schools, roads and bridges. Does that—do you think that plays a part in people thinking about where they're going to live, where they're going to move to? Is that a factor that needs to be taken into consideration?

**Mr. MacDonald:** Bar none, the smartest return on investment a government can make is on infrastructure.

As I said, I live in the West End, which has, you know, infrastructure in the, you know, the sense that roads, you know, maybe aren't what they could be, and I think we could do more on the road side of things, but knowing that infrastructure as far as, you know—it's having schools. I do believe building—capital costs for schools is an infrastructure investment. Having people—having schools built, having roads built, having public transportation all make business better in Manitoba, and that was one thing that we also looked at that I failed to mention was the low unemployment in Winnipeg and the steady growth of the economy here, where it's not wild ups and downs where we'll see in, you know, particularly, in the Maritimes. When the fisheries are good, you know, things are great, but when they're not so great, you know, the whole region suffers. Seeing more of a place where there is that even growth and businesses know that they've got that to rely on, that they've got that infrastructure behind them and they can continue to do business.

**Madam Chairperson:** Thank you.

**Mrs. Driedger:** Thank you, Mr. MacDonald, for being here. Again, it's, I think, great that many young people, not many, but at least some are coming here.

Were you aware that in the last election here the NDP Premier (Mr. Selinger) and every one of the candidates promised not to raise the PST, and immediately after that, within months, if not weeks, they actually broke that promise? Is that something you're aware of?

**Mr. MacDonald:** This is something that I've been made aware of. And I understand that while we can go on our best judgment at election time, we can say, you know, at this time, we don't think that—we're not going to raise, you know, this tax or another tax. But things change. Provinces, the relationship with the federal government, the—a lot of funding comes from the federal government and, in particular, when the new—the program in the last federal budget was announced about infrastructure investment requiring matching funding, there needed to be a mechanism to

raise that revenue so that Manitoba doesn't lose out on that federal funding that we could desperately use in this province.

So I understand that there—people would be upset about a politician saying one thing and ending up doing another. But, in many ways, I see that as taking a great deal of courage to understand that things have changed, and we need to do this for the best interests of Manitobans and go forward and—you know, we break a promise, but it's for the best in the long run.

**Madam Chairperson:** Thank you, Mr. MacDonald. We have just a few seconds left. Is there another comment?

Dr. Gerrard, briefly, a few seconds.

**Mr. Gerrard:** I just wanted to welcome you to Manitoba, and I hope things go well for you here.

**Madam Chairperson:** Thank you. Thank you, Mr. MacDonald.

And our next presenter is Mr. Clay Purvess.

And do you have material with you to hand out?

**Mr. Clay Purvess (Private Citizen):** I do.

**Madam Chairperson:** All right, we'll get our staff to help you.

**Mr. Purvess:** It's identical to what I'm reading so—

**Madam Chairperson:** All right, perfect. And if you would like to begin as soon as you're ready, that's fine.

**Mr. Purvess:** Just trying to make sure I'm not covering the microphone.

**Madam Chairperson:** Ah, please.

**Mr. Purvess:** It's double-sided, or it was supposed to be double-sided, oh. No, it's two pages and I didn't put it through the duplex properly. So it will take them an extra-long time to hand it out.

**Madam Chairperson:** That's okay.

**Mr. Purvess:** I'll probably be done by the time you—by the time it reaches the Chair.

**Madam Chairperson:** No problem. They'll have it for reference.

**Mr. Purvess:** So I was pondering how I was going to start my presentation to the committee tonight, and I thought of quoting the Gospel of Luke and reminding everybody that the crime Jesus was

actually convicted of was resisting the authority of Rome by advocating for non-payment of taxes. But then I remembered that all of you are going to be having hearings on Bill 18 shortly and you'll be hearing lots about Jesus and the Bible at that time. So I thought I would refrain from preaching too much at you since there's more coming.

Start by telling you who I am. My name is Clay Purvess, as you're aware. I work and reside in Winnipeg, and I practise law here in the city. Mostly, I help people with family and civil matters, sort of small things for regular people; I don't have a fancy corporate practice or anything like that.

And I could talk to you about how my average client will now be \$40 poorer by the time they've finished retaining me. But that's pretty boring and I'm sure that \$40 is a meaningless sum to every person in this room; you all make far too much money to even be concerned about \$40, unlike most of my clients.

I voted in every single election I was eligible to vote in—I may have even voted in one that I wasn't sure if I was eligible to vote in, but they let me, so I must have been—mostly because I believe that our system only works when people participate.

I have naively believed for my entire life, and even into my adult life, that politicians run for office to make things better, not because it's a better job than the one they had before. I even remember hearing a quote once, and I can't remember ever who to attribute it to and I can't even find it on the Internet, so it must be a rare quote, that elections are the new version—are our version of revolutions without the blood and the death, for the means by which a modern civil society makes the big changes that are sometimes necessary in any society.

Mostly, though, people elect governments to manage to mundane and the ordinary; it's very rare that we actually have the big issues to resolve. There's—you know, we only patriate a Constitution once and the rest of the time you have to govern and look after things for all of us. It is a parliamentary system where we don't elect parties—we don't elect the parties, we elect the representatives. As the speaker before me pointed out, it is a representative democracy.

\* (22:00)

There were some comments that he made that I—to deviate from my comments, that I don't quite understand, you know, when a party runs on one

platform and then does a complete one-eighty not a long time after the election, but almost immediately after the election, begin increasing taxes. It does bring into disrepute the representative democracies that we have when you can't trust the politicians to do the things they say they're going to do—why have a representative democracy? And I think that's the roots of a lot of the populism that's been coming into our politics across the country, and the growth of referenda in all provinces is because people just don't trust politicians to do what they say they're going to do. Some provinces have even gone so far as to have recall provisions added to the legislation.

But it's important to remember that we don't choose our premier. With all due respect, we don't choose our—oh, he's left, so don't have to show any respect towards him. We don't choose our minister of Finance either, we choose our MLAs, and you in turn choose the party or coalition that you choose to belong to, and those parties choose their leaders. While each of you in this room has the freedom, the right and the obligation to vote how you see fit, the truth is, that you'll all do as you're told. Government members have been told by the Premier (Mr. Selinger), a position directly elected by nobody and powered only by those who choose to caucus with him, that they will vote in favour of this budget. Opposition members have all been told to vote against this budget. The outcome has the appearance of being set, and every government MLA in here will vote to change a law allowing for direct engagement by citizens in how we are taxed and how much we are taxed.

The fact that it's a foregone conclusion has led many of my friends to ask why I'm bothering to show up. After all, I'll be speaking to a room more interested in checking their smart phones and figuring out if it makes more sense to drive to the lake tonight or bright and early tomorrow morning, a disconnected government with no interest in listening to or consulting with its citizens. And that's why I'm here. I remind myself and my friends that, throughout history, revolutions have started over disconnected governments raising taxes willy-nilly to pay for their inability to manage the largesse of government. The idea that a government with a budget that is more than twice the size it was in 1999 can't find some money to fix potholes is asinine. It was the inability of King George III to even consider listening to his lowly colonials which spurred what many—spurred many to embrace the thoughts and ideas of a time of enlightenment. They tossed bales

of tea overboard in Boston, and within a couple of years the American Revolution had begun changing the world.

Obviously, we're not about to have a revolution here; I'm not proposing anything like that. The French king called for an assembly of the Estates-General in 1789 after over 150 years of avoiding such an assembly because there was a financial crisis in France and they were finally at a point where they had to recall the then-equivalent of parliament in France. They were supposed to discuss taxes, but, instead, another world-changing moment took place with the French Revolution.

My point is that democracies were born out of unnecessary and unilateral tax hikes. Luckily, we already live in a democracy, and if current public opinion polling is any indication, there should be a change of government in this province. No need for muskets or Andrew Lloyd Webber musical numbers are going to be necessary. I'm sure one or more of the interns and political staff, maybe some of the presenters in the room today, studied history in university and are fuming at my oversimplification of the American and French revolutions. But I'll also point out that Gandhi, Thoreau and Marx all used unjust taxes to spur debate, spur on the notion of non-violent protest, and to spur on revolutionary ideas in their own right.

So I—to me, it just isn't just a tax increase. There's a reason why so many Manitobans have signed petitions, presented to this very committee and protested by other means. It's about a government that has stopped listening to people and started telling the people what they'll get and how they'll get it, a government that has forgotten where its power is derived from. Business leaders have told you that this does not help and will not help Manitoba stay competitive. There is already a deficit, and increasing spending on infrastructure is a red herring, as legacy projects, like the new convention centre and an expanded zoo, will get more funding than roads.

These arguments have been made to you tonight and, I imagine, on all the other nights of presentations, and you're all well aware of the fact that that's what you're spending the money on. I was in an—on a Facebook exchange with our Attorney General (Mr. Swan), who—he suggested that the money from the increase in PST would be spent on more police. So there's not even a consensus within your own caucus as to where the money's going

because I guess everybody wants a share of it. There's a lot of it to go around.

I came here tonight to remind all of you that you were elected by the citizens of your riding, not by the apparatchiks of your political party. I'm also fully aware of why this is actually taking place. Isn't a quote from the Bible, but it is a quote from George Bernard Shaw, who, I think, was a better writer than most of the people that wrote in the Bible. The quote is that a government which robs Peter to pay Paul can always depend on the support of Paul.

And I think that's what's really been going on here, today, is that we've got a government that's been robbing Peter to pay Paul, and that is more concerned about keeping its support base intact than it is about doing the right things for the people.

**Madam Chairperson:** Thank you for your presentation.

**Mr. Struthers:** Thank you very much, Mr. Purvess. I apologize for missing the first part of your presentation. I'll make sure I read it when I get a chance. But I did take note of what you said just at the end about infrastructure, and I take your point about there being different types of infrastructure and I understand people may have different definitions of what critical and non-critical would be.

We have been very clear that the 1 cent on the dollar will go towards critical infrastructure. And one of the first things that we've moved on is the—making permanent, the emergency channel out the north end of Lake Manitoba-Lake St. Martin. Does—is that just a legacy piece or is that critical infrastructure that will help regulate the lake and save future heartache from people and future dollars from the taxpayer?

**Mr. Purvess:** I think that one of the things that's been overlooked in all of the flooding in the lake is that the flooding's been caused by decisions made by this government, so to then require infrastructure spending to fix your own mistakes is, I think, a serious problem. You—I'm seeing gesticulating from members of the government who were part of the decision made to use the diversion at Portage, to pump water into a lake that's already overflowing. And a lot of that comes from decisions made regarding Hydro decades ago, which has completely changed the entire watershed of this province.

So I think, yes, it's necessary to, I suppose, build channels to deal with this overflow of water, but how the overflow got there is being overlooked, and the

fact that there's still people two years after a flood living in hotels is, I think, shameful of this government. And I think the infrastructure priority with flooding would be to build new homes for the people whose homes were flooded.

**Madam Chairperson:** Thank you.

**Mrs. Driedger:** Thank you, Mr. Purvess, for your comments, and it's interesting the way you looked at the American and French revolution—and might explain some of the anger we're seeing by the over 200 people that are coming to present.

People are feeling very angry and the majority of them are—75 to 80 per cent—are very angry and very concerned. And part of it is just, you know, not only the fact that the PST was increased, but the government broke a law in order to do it, and they're ignoring the voice of all these people who want to come here and present, which is very impressive, that people are still coming, sitting here in a sweltering building for six hours, sometimes, in order to have their say, and which is after the fact and a moot point, but I think that says a lot about the passion that people are feeling about this issue and the anger towards the government.

And you know, so maybe we're seeing the beginning of a tax revolt, which is a little bit different, perhaps, from the French and American revolutions. But we're in that vein right now where people are very upset. So, thank you for being here and sharing this with us tonight.

**Mr. Gerrard:** Thank you for your history lesson and insightful comments. I think we are at an interesting fork in the road in terms of democracy here, that we have a choice of accepting that referendums are a legitimate form of public expression of opinion and democracy or—and that they're important for the PST, they're important for before you privatize Manitoba Hydro, as a way of getting public input—or you reject referendums as an important form of democracy. And I'm certainly in the former camp. And I would just be interested in your comment, as we develop along the sort of evolution of process of democracy, where you see referendums.

**Madam Chairperson:** Mr. Purvess, briefly.

**Mr. Purvess:** I'm not a huge fan of referenda. You know, I mean—but what's good for the goose is good for the gander. If the government wants to impose referenda in certain areas and ignore them in others where the law already exists, then they should fully expect that those laws will be changed or can be

changed at the whim of whomever forms the next government.

\* (22:10)

You know, but I'm also in favour of representative democracy. And in that last election, we had three parties who were all pledging to not raise the PST. Two parties didn't form government, so we can assume would have kept that province-promise. Another party broke that promise. So, when you've got elected officials that aren't keeping the word that they make in elections, then I think that maybe referenda are necessary. It's not what I would like. I would like to see a return to the glory days of parliamentary democracy, but maybe, in the whipped party system we have today, it's maybe not possible.

**Madam Chairperson:** Thank you very much for coming down. Appreciate it.

Our next speaker is Mr. Brian Davis. And do you have materials, Mr. Davis, to hand out?

**Mr. Brian Davis (Private Citizen):** I do not.

**Madam Chairperson:** Okay, thank you. You can just go ahead whenever you're ready.

**Mr. Davis:** Thank you. Madam Chair, assembled ministers, members of the public, good gravy, it's hot in here, and it's 10:10 on a Friday night. So I appreciate everybody coming down here and sticking it out in this kind of heat. Normally, we have to pay for a Turkish bath, but that's not going to happen tonight.

Yes, I really do appreciate the opportunity to appear before all of you tonight. I really do believe that grassroots action is an important facet of our democracy. It is a shame, in my view, that citizen participation in its purest form was not allowed in consideration of this bill, like the law prescribes. I, personally, have a lot of enthusiasm for the capacity of our province, but despite my enthusiasm I'm concerned about the lack of vision shown by the NDP, not only in promoting entrepreneurship but in all areas.

Indeed, a hike in the retail sales tax, in my view, is a misguided effort, and I might quiet-quietly add, an uncreative one to bolster the province's coffers. Through you, Madam Chair, let me tell Minister Struthers about my vision for a Manitoba, a Manitoba where business owners like myself do not have to leave for Saskatchewan, Alberta, Ontario and BC to find opportunity. I believe very strongly that Manitoba can be a have province just like our

western neighbours, Saskatchewan, Alberta and British Columbia. I believe that Manitoba has the capacity to be a self-sufficient, progressive and growing economy. I believe in a strong economy that supports public service for all Manitobans and especially vulnerable Manitobans who rely on these important public services every single day.

By positioning Manitoba as a self-sufficient province, we will be in a more attractive place for businesses to locate here, and we will certainly begin to reverse the flight of capital and talent from this province. The economics are such that when businesses come to Manitoba, job growth follows and a dynamic and healthy economy develops.

Growing Manitoba's economy will grow our tax base. The NDP's failure to grow Manitoba's economy over the last 14 years clearly demonstrates a failure in leadership, in my view. To me, this is a key point for the Finance Minister. Strong economies allow governments to devote more resources to front-line services without punitively taxing Manitobans to cover the cost. Heightened taxes, retail or otherwise, do not promote an environment amenable to doing business in Manitoba, let alone encouraging businesses to move or relocate here. The NDP has put this province in such a position that an ever-growing piece of the economic pie is going to government while all the while the pie itself is shrinking year after year. I'm not here to question you, Mr. Struthers, but does this sound like a recipe for a prosperous Manitoba?

I want to touch on sustainability because I think that's important. It's an important concept for both public and private finance. As some of you might know, I'm a business owner. I started in real estate. I worked full time at the airport while going to school full time, and at 18 I bought my first apartment building. I now employ over 25 Manitobans. If I didn't develop and execute a sustainable business model, none of my businesses would have succeeded or, even for that matter, been viable.

The Province of Manitoba has, over the last decade, seen increases in transfer payments from Ottawa, and instead of promoting economic growth with these record transfer payments at our disposal, our reliance has grown to the point where one third of our provincial budget comes from the feds.

This is very interesting when you consider the statement released by the Finance Minister's office concerning the Jockey Club. The minister's office states that the Jockey Club is not sustainable in its

current form, and that the club needs to ensure its sustainability by reducing its dependence on public subsidies.

Let's consider the 33 per cent of the Province's budget is derived from transfers, otherwise known as a subsidy. We know the Finance Minister considers organizations reliant on public subsidies unsustainable. Since the provincial budget is reliant on subsidies to a very considerable extent—and I would certainly consider 33 per cent considerable—I want to know if the Finance Minister considers the Province's books sustainable? It sure seems to me that he would, being that he's the Finance Minister, and I do too. And this argument says nothing of the fact that the NDP has added to the provincial deficit for years now, on the backs, really, in reality, of the next generation of Manitobans.

Through these hearings I know the minister has attempted to brand his government as supportive of small business. And I've even heard the minister tout raising the small-business income-tax limit to half a million dollars. I would say to the minister: What happens to the tax revenue when there's no more businesses in the province left to tax? People like myself who love this province, and believe in its people, we're being forced to leave to find other opportunities.

I've also heard the minister tout the Canada—the Building Canada Fund, rather, as a reason for the PST hike in order for the provinces to match the federal money available for infrastructure. I would ask the minister directly: Does he know of any other province that is raising the PST in order to take advantage of this program? In fact, it's quite the opposite. Even before the PST increase in Manitoba, we were the highest taxed province west of Québec. To me this is unacceptable as a business owner.

I have touched on a number of themes here tonight and I think they're all important. Namely that the NDP has demonstrated a failure of leadership in their 14 years at the helm. The Finance Minister has made no effort to explore alternatives in raising the PST, and we do know that there are plenty of alternatives out there. I would suggest one: repealing the vote tax that provides the money to the NDP. I would also suggest that voters will remember your actions come election time in 2015.

I'll leave you with that. Thank you very much.

**Madam Chairperson:** Thank you, Mr. Davis, for presenting.

**Mr. Struthers:** Thank you, Mr. Davis.

I will say that not everybody I talk to on this so articulately puts out their—the vision that you have—that you've done tonight.

Part of that vision though, that I'd like you to expand upon, isn't just on the tax side, it is on the infrastructure side, because I think—I understand your commitment to growing the Manitoba economy—and I think, my view anyway, is that infrastructure investments needs to be part of that.

How would you pay for it? How would you pay for the infrastructure that needs, I think, needs to be part of growing a provincial economy?

**Mr. Davis:** First off, thank you, Minister, for the question.

I would take issue with your—the phrasing of the question, in that, in a vacuum, I think your question has some merit. But the NDP government has 14—has had 14 years to grow the economy in Manitoba, and they failed to do that. And if they had taken the initiative 14 years ago, showed some vision and some leadership, in my view, that we would be looking at an economy where we wouldn't require, at this point, a hike in the PST to 8 per cent to cover the basic spending requirements of this province.

And as a business owner and as a private citizen, I consider proper functioning quality infrastructure to be a basic building block of a healthy economy. But we can't come 14 years after—after 14 years of fostering a moribund economy and come out with a tax increase.

I think any economic planner would tell you, regardless of what their philosophy is, that at a moment like this in Manitoba—and I think when you look back in 30 years, you will look at this year, potentially, as a historic moment, where this province is starting to take off. The last thing any economist would do, regardless of their philosophy—the last advice they would give you is to clamp down on the economy by increasing the PST.

\* (22:20)

We already have a serious problem here with lack of competition, and I leave that, Minister, at the doorstep of the NDP government after 14 years in office. I think the fact that we're here today having this discussion about increasing the PST 1 per cent, regardless if you believe it's ever going to get earmarked for infrastructure or not, I think it's a mistake to talk about this because we've lost

14 years. If we had 14 years of vision, I believe we wouldn't even be here talking about this.

**Madam Chairperson:** Thank you.

**Madam Chairperson:** Mrs. Driedger?

**Mrs. Driedger:** No.

**Madam Chairperson:** Okay. Dr. Gerrard is next on my list.

**Mr. Gerrard:** One of the problems that the Finance Minister seems to have is that when, you're talking about infrastructure spending, there's a Building Canada Fund, right, so whatever the provincial government spends on infrastructure can now essentially be doubled. So, if you used existing dollars and spent them on infrastructure which you needed, you now have twice as many dollars as you had before just because you've got the Building Canada Fund. It's a rather nice way, right, and if you add in the municipal you can triple it.

So, you know, the Finance Minister seems to feel that he has to get some totally new money from somewhere to spend in addition to what he's already spending in infrastructure rather than using, you know, the money that he's already allocated. I mean, do you want to comment?

**Mr. Davis:** Thank you, Mr. Gerrard.

Again, I mean, I'm going back to the same point which is the failure of leadership. If we were properly managing our budget, we would—I mean this infrastructure deficit has arisen because we've been robbing money from infrastructure spending over the last—at least 14 years and probably potentially beyond that and it's come to a head. It's a failure of leadership to come here today and say we need a tax increase so that we can basically double our money.

As I mentioned in my presentation, I don't believe there's a single other province that's had to employ this strategy, and as a voter, as a business owner what that tells me is that this is a government that's out of ideas. This is—this—a tax increase at this point, to me, is out of line. It's the wrong moment for it, and it's what a government does when they have—when they're out of steam, when they've got nothing left and they're out of ideas.

If we had been on top of this problem 14 years ago we wouldn't even be here talking about it. We would have the money put away. There would be reserved in sinking funds for appropriate projects and

we wouldn't be scrambling at the last moment to raise some extra money on the backs of taxpayers.

**Madam Chairperson:** Thank you, Mr. Davis. The time for questions has expired. I'm sorry, Mr. Helwer.

Our next speaker is Rosemary Hnatiuk, am I saying that right? Do you have—oh, I'll just wait for Rosemary—her to get up there. Do you have materials? No, all right. So you can go ahead whenever you're ready.

**Ms. Rosemary Hnatiuk (Private Citizen):** Thank you, Madam Chair.

Good evening, long-suffering committee members. What an interesting exercise in democracy we have.

I'm here as a supporter of this legislation. We have seen unprecedented events in recent years which have left us, governments and private citizens, scrambling to find solutions just to stay the course, let alone to plan intelligently for the future. The global economic crisis precipitated by corporate greed and irresponsibility has caused a lot of turmoil in public life and private lives, less so in Canada than in other places, fortunately.

Devastating weather events across the world, in Manitoba in the form of floods, in particular, floods of the century twice in as many decades. Ultimately, also caused by the same corporate greed and irresponsibility which has led these corporations and governments—the governments which represent them, to ignore the reality of climate change.

These events are beyond the control of governments and are, the way I see it, the main cause of the current legislative measures that we're here discussing.

Manitoba doesn't have the lucrative natural resources of provinces like Alberta and Saskatchewan to draw royalties—royalty revenues from. It doesn't have the huge population base, the diversified and well-established industrial economy and easy access to large US markets like Ontario and Québec do, but we are still doing very well. On the news today I heard a Stats Canada report: Unemployment in Manitoba has actually fallen. It stands at 5 per cent. Nationally, it's 7 per cent. I think that's pretty good.

We have a very respectable social safety net. We have very enviable home care—the envy of a lot of other provinces in the country—home care allowing

people to age in place in their homes, reducing the cost of personal care home stays. We have low-cost daycare, allowing women to enter the labour force, thus increasing family income and increasing tax revenue as a consequence—tax revenue to the government. Raising the school-leaving age to 18, in my opinion, has—is going to go a long way toward increasing the education level of future workers, which can only benefit all of society, not only the workers themselves. The government, I believe, is in the process of establishing programs through trades education and apprenticeships. That, too, will increase the skill level of our population.

We need money, of course, to do all these things—to keep what we have and to build for the future. There is no free lunch. There is no free lunch. And here and now, as far as I can see, raising taxes is the only option we have. Taxes are the price of civilization. It is short-sighted to govern by cutback. That's an option. It's a short-sighted option. We need to build. Every competent business person knows that you need to spend money to make money. Dollars spent on infrastructure projects will flow back into local economies, into local businesses, as workers spend their wages—good union wages, that they receive on a regular basis while projects go forward, uninterrupted by strikes and walkouts that would result if these projects were executed on a catch-as-catch-can basis with respect to the labour-employed.

I—if memory serves, I believe that the floodway expansion did not suffer any 'relabour'—related disruptions as a result of the progressive labour agreements that were entered into at the time. The workers on these infrastructure projects will not only spend their good wages locally, they will pay taxes, which will then be available to government to spend on infrastructure, health care, the social safety net. All this money spent will circulate locally, provincially. But I must say that I am not completely comfortable with the sales tax. That it's a sales tax; that it's the best fiscal instrument to use to achieve the ends. I think we can all agree in this room that we have basically the same idea about what ends we want to achieve, or what a prosperous—we want a prosperous society. We obviously disagree on the ends—the means for getting there. And, as I say, sales tax is generally considered to be a regressive tax. It taxes everybody. A tax on incomes of the rich and super rich would have been more equitable.

That having been said, there is a certain psychological aspect to the sales tax that may be

beneficial. The sales tax affects everybody, so all citizens become stakeholders, contributors to the economy, to the running of the government. This may be a teaching moment to encourage citizens to become more engaged in the running of the province because they have a stake. They've paid. Even social assistance recipients pay.

Speaking of social assistance recipients: As the sales tax stands, it will have a greater proportional impact on lowest income citizens. A very slight raise, for example, in the price of a bus fare has a big impact on a social assistance recipient.

\* (22:30)

I would therefore urge the government to look at providing a PST rebate similar to the GST rebate, and I think it should arrive at the same time as the GST rebate because this would put interest and lump sums of money into the hands of low income people, most of whom are women with children, and it would enable these low income citizens to make big-ticket purchases which they could not otherwise afford. The benefit of this lump sum would potentially more than compensate for the small increased cost of daily living expenses that the PST will cause.

Another reason why a sales tax might be preferable at this juncture rather than an increase in the income tax is that we need to act now. An increase in the income tax would only roll into government coffers at income tax time. The sales tax is rolling in as we speak.

In addition to the cost of repairing, replacing and expanding infrastructure—the cost of this infrastructure—these infrastructure measures, the cost is not going to go down if we wait. The cost will increase as we all know. Waiting to repair things increases the cost of the repair. So if we hold a referendum, unfortunately, if we also hold more discussions, I think actually, some of the criticisms that have been levelled at my friends here in government of not explaining what they were doing are justified, but I think there is a lot—great deal of urgency to get the—to get this infrastructure project on the road.

I also understand that in order to take advantage of the federal infrastructure grants which have been talked about a number of times this evening, the Province must match federal funding, and there is no amount of cuts without scuppering government into having situations that you have in a lot of American

states where the governments go bankrupt. Raising the sales tax is probably—appears to be the only way of matching federal funding at this point so that we can have the means to go forward with this infrastructure project.

Now, Bill 20 has provision in it that I would hope would address some of the concerns that some of the bona fide presenters here—are you signaling that I'm almost out of time?

**Madam Chairperson:** Yes.

**Ms. Hnatiuk:** How many minutes?

**Madam Chairperson:** One minute.

**Ms. Hnatiuk:** Okay. I'll have to speed talk here.

So there is a reporting provision that requires the government once a year to report on what was—how much money was collected, where it was spent and what was built with it. I think that's a very good thing to put in, and that might address some of this failure of communication. And I urge the government to use that to explain what they're doing.

And some of the speakers have expressed their displeasure with the way this tax increase was being implemented simply changing the law relating to the holding of a referendum. This is a perfectly legitimate way to operate, and in my opinion, shows leadership and a great deal of political courage in light of the unpopularity of taxes in general. After all, who wants to have more expenses up front even if down the road, we have more benefits for better services? I think that is—we were genetically programmed to be in favour of immediate gratification rather than delayed gratification.

**Madam Chairperson:** Thank you very much.

**Ms. Hnatiuk:** That's it? Okay.

**Madam Chairperson:** Sorry. Well done, getting so much in.

**Mr. Struthers:** Thank you very much, Ms. Hnatiuk. I was very interested in what you said about infrastructure and it's—that investment's impact on our provincial economy. And you even kind of localized that to areas.

When Duff Roblin built the floodway, he spent \$63 million. When our government expanded the floodway, we spent another \$665 million—plus a number of ring dikes that we built throughout the Red River Valley. About a billion dollars was spent and the return on that was somewhere in the area of 30 to 35 billion dollars and saved Winnipeggers and

people living in the Red River those expenses and that stress.

We're proposing to do the same sort of approach with Lake St. Martin and Lake Manitoba and the Assiniboine valley, including cities like Brandon. What—and, of course, he had his detractors too, Duff Roblin, when he moved forward. Give me a better sense of what do you think, for those areas, that's going to mean in terms of economic stimulus to our overall provincial economy, but even more specifically to those local areas. Who's going to get put to work with that kind of a stimulus?

**Ms. Hnatiuk:** This is almost a personal—not a personal issue, but I have personal knowledge of this and will have personal experience with this when it starts to roll into place, because I'm from the Interlake. And I know that—I know this government has a policy to hire—to try to hire locally, as much as possible, so that's going to have a huge impact.

I know Mr. Eichler is sitting there. There are businesses in your area that, I'm sure, will be employed in some of these projects, and that's going to have a spin-off in the communities that you're here representing. So, the people live—the workers live in the area. The workers live in the area; they're going to spend it in the grocery stores in Teulon, in the Co-op in Stonewall, et cetera, et cetera, in the Co-op in Fisher Branch, where I come from.

It's—the Aboriginal population will be—I'm sure, will be included very much and that will—I remember when we—we have a new nursing home in Fisher Branch and I—one of my neighbours was employed there and she—I used to notice that she was always yelling at her little boy before she was employed there. And then afterwards, everything calmed down. It seemed like the whole family just became really, really stable and just happier and nicer to each other, because everybody was employed. And I think that it's not only an economic benefit; it's a social benefit.

People feel better about themselves if they're employed—people that are now sitting on welfare in some of these communities and they're sitting on welfare because they don't want to leave to go to the city because that's their home because they're—that's their cultural milieu. So it's going to have a huge benefit—a huge impact—particularly on the rural areas, assuming that the government follows its usual—the pattern that it's followed in the past of employing people locally.

**Madam Chairperson:** Thank you.

**Mr. Gerrard:** Thank you and I appreciate your comment about the PST rebate, because I feel along the same lines that this is a very regressive tax and that we need—in some fashion—to better support the people who are least well off.

**Ms. Hnatiuk:** I'm nodding my head. For the record, I'm nodding my head.

**Madam Chairperson:** Okay. Thank you. Sorry, couldn't hear.

**Mrs. Driedger:** Can I just ask clarification? Are you for the PST increase or against it?

**Ms. Hnatiuk:** I'm for it, with this caveat.

**Madam Chairperson:** Thank you. Does anybody else have a final comment? We have a few seconds. If not, thank you so much for coming to present.

We are getting very close everyone, so hang in there.

I'm—we have Mr. Bill Massey next. He's not present. He will drop to the bottom of the list and we will go to Jeff Koziuk, and do you have any materials to present, sir?

**Mr. Jeff Koziuk (Private Citizen):** No, I do not.

**Madam Chairperson:** All right, and as soon as you're ready.

**Mr. Koziuk:** Thank you all for the opportunity to speak. Excuse me.

I believe that it is imperative that you respect the Province's current balanced budget legislation, which clearly states that an increase to the PST can only be done following a referendum. In my life, I have worked and lived in Winnipeg; Gimli; Selkirk; East St. Paul; San Antonio, Texas; Calgary, Alberta. The following is my story and should serve to articulate to you the reasons it was important for me to share it with you.

\* (22:40)

In 1997, I graduated from the University of Winnipeg with a degree in business administration and sociology. Following an extensive search over a period of two months, achieving no positions and no opportunities to interview for positions in the business field, I decided to leave Winnipeg. It was then that I moved to San Antonio, Texas, to work for a company that my father had built. After five months in Texas, I returned to Canada to try and secure a position in Winnipeg once more. Following another month of searching, I once again came to the

conclusion that Winnipeg had nothing to offer, and I had nothing to offer the business community.

I moved to Calgary, Alberta, in February of 1998, and landed a position within two weeks. It was there, at this position and the subsequent roles in the Calgary business community that would provide me the experience that would one day serve Manitoba.

I learned business skills in Alberta that I couldn't experience in Winnipeg. In 2007 I moved back to Winnipeg for family reasons; I wanted my kids to grow up in the same place that I did and among our family, something Alberta couldn't provide.

I began my role with a—excuse me, a company that was based in Edmonton that had created a local Winnipeg office to serve the province of Manitoba with a skill set in the IT industry that was not being provided locally.

When I began my position in January of 2007, I was the only staff member. Since then I have created employment and trained nine staff, seven in Winnipeg and two in Regina, offering a service to local—to the local Manitoba and Saskatchewan organizations which our competitors still do not provide locally. Our competitors bring similar expertise into Manitoba from Toronto, Calgary, Vancouver and Edmonton by flying in and flying out. This service is a niche for the Prairies.

The work to grow this business in Manitoba has been hard, but it has been rewarding because of the team I have built and the clients we serve.

I shared this story with you so that I could remind you of what you already should know: Business is what creates employment in this province, and those businesses are run by the people.

The government serves the people and the needs of business because those two groups pay the taxes. Any and every government must be accountable to these two groups and that is one of the reason—that is one reason we have a balance budget legislation, which states a referendum must be held with the people in the event that the government cannot perform their role within the given parameters.

I recognize that the flooding over the last few years left our government and province with a deficit. However, I strongly disagree with the method by which this government is addressing that debt.

If you truly believe that increasing the PST is in the best interest of Manitoba and will create a strong competitive economy, you should be prepared,

willing and enthusiastic to engage Manitobans and take this proposal to the people. If we don't have accountability, we have failure.

That's it.

**Madam Chairperson:** Thank you very much for coming to present. Questions of the committee.

**Mr. Struthers:** Well, Mr. Koziuk, thank you very much for coming and being persistent and patient and hanging in there right 'til almost the very end here tonight, so I want to thank you for doing that.

I, certainly—I can certainly understand your frustration in the 1990s trying to get work in Winnipeg. I've been an MLA since 1995. I remember vividly people leaving this province back in the '90s. I worked with people who've worked very hard to try to find employment in the—at the time of the Filmon government here in Manitoba. And there was too many of your cases of leaving Winnipeg, going to San Antonio, then trying it again and then off to Calgary.

I'm very happy that you're here now and that you're contributing to our provincial economy. I do understand your advice that you've given us in terms of taxation and how important that is. I think you also touched on the importance of investing in our infrastructure and building our province, so I want to thank you for that.

**Madam Chairperson:** Thank you.

**Mr. Gerrard:** Thank you. It's good to see you coming back here from Alberta and bringing some skills and talents and building some jobs here. That's great. And I think that's something we need to, you know, build a province that facilitates a lot more of that and does it, in part, by providing a better economic climate for building businesses here.

I just wondered if you wanted to talk about the comparison between here and Edmonton in terms of the climate for building a business.

**Mr. Koziuk:** Huh?—the climate for building. Well, Calgary wasn't the same place that we had—my wife and I had moved to, after being there for almost 10 years, as it was—it wasn't the same when we left as it was when we had arrived. It's very much a user-pay market. Sure, they don't—they claim they don't have a provincial tax, but everything costs more there; it does. And I speak from experience. I challenge anyone to challenge me on that.

Yes, how do you grow? It's challenging everywhere. Every city has its own challenges, has its own makeup. Calgary and High River and Edmonton and Fort McMurray are all dealing with flood situations, something that Manitoba, and Winnipeg especially, is used to dealing with. I'm a little concerned. You know, there's been some talk in the paper, there's been some talk here tonight as well, with transfer payments coming from, you know, rich provinces like Alberta. Well, they're dealing with a pretty major flood situation. What are those transfer payments going to look like coming to provinces like Manitoba next year, the year after? I venture to guess it's not going to be as much as, you know, we've counted on in the past.

I don't know. I don't really think that answers your question, but—thanks.

**Madam Chairperson:** Thank you.

**Mrs. Driedger:** Well, thank you, Mr. Koziuk, for your comments tonight. And by the minister's comments, I don't think he really heard what you were saying because you indicated that if we don't have accountability, there's failure—we have failure. And there's some major challenges that this, you know, what this—the PST hike and the process by which they are going about doing it that is going to have a dramatic effect on Manitoba, and I think you were trying to get across some serious points that the minister seems to have missed.

Do you feel—or how do you think people feel about the NDP ramming through the PST hike on Canada Day before all 200 people had a chance to come here and speak to it?

**Mr. Koziuk:** I don't think—optically, I think that was probably the wrong move to make. There's a lot of—myself included, there's a lot of upset people, but, like what was said tonight, we're tough, we're resilient people, and there is no one that I have spoke to that (1) wasn't upset with how it was rolled out. But there's also no one that I spoke to that said, you know, I don't think we need this tax increase. Many of them said, we have to do something around here.

Yes, there are excellent projects that are going to spur growth in our economy—many of them mentioned tonight as well: CentrePort, the Bomber stadium, although that one's a little questionable. There's the Convention Centre. There's a lot of great projects that are going on around here and in the province. There's a lot of great opportunity. But you look around, and take something as simple as the

burden that we put on our vehicles. You can't even drive to and from work, and my drive to work is only 20 minutes, but the amount of stress that my vehicle takes just from driving on the roads, it's ridiculous. And, you know, by comparison to other places like Calgary, they didn't used to have that, but now, with their rapid growth, there's a lot of infrastructure projects there I don't know how they're going to pay for. I really see that, in the next few years, you're probably going to see Alberta coming out with some sort of a tax. I would not be surprised.

**Madam Chairperson:** Thank you so much.

I apologize to those who do want to ask more questions. We're well past the question time. Thank you so much. I really appreciate it.

And we now have Wendy Land. I'm—am pretty impressed, though, that this late at night, in this heat, that we still have people wanting to ask more questions. So that is a really good job.

Wendy Land, do you have any materials you want to hand out? Perfect. Staff will help you.

\* (22:50)

**Ms. Wendy Land (Private Citizen):** Madam Chairman, ministers and members of the Legislature, I thank you for sticking to this process and allowing all of us to speak.

I have to say, I very seriously considered just handing my presentation in to be distributed, but I was persuaded by my friend and by my own conscience that it was important that I take a moment to talk to you directly. My presentation is going to be brief. Many of the themes that I will touch on have been elaborated in much more detail by previous speakers. I—and I will refer to them as I go along.

I'm here because I believe a tax increase is necessary. It's necessary to address a deficit in public infrastructure that is a serious impediment to the grow—to growth in the provincial economy and to the quality of life of my fellow citizens. I admire the courage and foresight of this government in taking this very controversial action.

I benefit personally and collectively from this government's effort to meet this very serious challenge without significantly cutting the services that my taxes pay for. It is these services that maintain the quality of my life, my family's and my neighbours'. I find it very interesting to note that many of tonight's presentations have been so critical of this government's management of its finances,

when it has—when Manitoba has been among the top two or three performers throughout the financial crisis of recent years.

I'm disappointed, however, that this government would choose to raise this necessary revenue through an increase in sales tax. As others have said before me, this particular tax impacts lower income people much more negatively than the rest of the population. It asks low-income people to pay a larger share of their income when their incomes are already shrinking. A more progressive and fair tax would increase taxes on the wealthy and large corporations, and the Social Planning Council's presentation, I thought, very effectively lays out the way that this could be done.

That said, I want to tell you why I support Bill 20, which is expected to generate \$280 million in revenue for infrastructure. First, this money will be directed at a specific target. Public infrastructure is unquestionably in 'seary'—very serious need of significant new investment. This is a hot topic in both the media and in conversations with my friends and neighbours. It is a clear—it is clear that it is a challenge, that, if ignored, will only get worse. And I believe—I agree with the government that infrastructure includes not—I think somebody referenced it as horizontal infrastructure such as roads, bridges, water and sewer systems and public parks—but also hospitals and schooling, health care and education and social services.

Spending—secondly, spending on the infrastructure creates needed jobs. These jobs, as has been elaborated by others, contribute further to the economy in the form of increased spending by individuals and families, and this benefits the businesses they use.

Thirdly, although Manitoba's economy under the stewardship of this government has done better than most other provinces in the face of the global recession, other revenue sources are not keeping pace to that recession. There's nowhere to cut spending. The MGEU president outlined in very telling detail the impact that cuts to the civil service has already created in terms of the services that are delivered and how devastating further cuts would be.

In 2006, the federal government cut GST to 5 per cent. This reduced federal revenue, and, correspondingly, federal transfers to provinces have been substantially reduced. This offloading of health and social transfers by the federal government has left provincial governments with few options other

than taking up sales tax room left by the GST reduction.

I wonder why it is that we are not talking to the federal government about the infrastructure deficit. This government has cut \$1.2 billion from our revenues through tax cuts since it took office. This has had a devastating effect on our revenues. The government—the opposition did not request, nor did their legislation from the previous government require that these cuts to taxes be approved by referendum. I would have loved to have had the opportunity to comment on those tax cuts. I didn't get it.

The opposition's focus on the lack of a referendum is politically motivated, I believe, and tries to build opposition in a context that ignores the very real challenges to the Province finances and, most particularly, those presented by the impact of flooding in recent years and the expected flooding that was expected this spring.

It also ignores the experience of other jurisdictions. This strategy of tying tax increases to public referendum has been implemented across the western world by governments that believe that—whose philosophy and actions promote the individual good as opposed to the collective good. A belief that lower taxes and less government is better for people than collective responsibility through reasonable and rational taxes.

There's been a lot of doomsday rhetoric in many of tonight's presentations. Despite all the anti-government, anti-public sector rhetoric we hear, there's plenty of evidence to suggest that companies decide where to locate based in part on the quality of life. And people tonight, including the speaker just before me, have pointed out—this out. This quality of life is impacted by the quality of our schools, our hospitals and our parks, and not just by taxes.

There are robust and accurate studies that showing—that show that the public sector workers are not overpaid, and that Canadians realize tangible benefits from public sector investments. The idea that we just need to cut wasteful spending and we'll suddenly have enough money is just not either true or reasonable.

I also—I have a couple of comments that are not written. I wanted to comment on the position taken by another—a number of presenters tonight, that the government had no right somehow to change the law that was set by the previous government. I believe

it's a government's right. I don't believe I know it's a government's right to change laws that don't reflect its values and its agenda. Conservative governments have done this. Liberal governments have done this. The NDP has done this. The action they've taken reflects my values. I approve of their agenda.

Most Manitobans, I use that in brackets, has—that term has been used to describe a narrow political and economic agenda that doesn't reflect my values, nor my understanding of how an economy works, nor that, I must say, of most Manitobans that I know or know of in my community.

Thank you.

**Madam Chairperson:** Thank you very much for presenting.

**Mr. Struthers:** Thank you, Ms. Land, for coming and hanging in there with us right through to the end here tonight. I appreciate your advice.

Oliver Wendell Holmes once said that the price of a civilized society is taxes. Does he have it right?

**Ms. Land:** Yes. I mean, the difference in the quality of life that we present in Manitoba, as opposed as—and the cost of living in Manitoba, I thought was well described by the previous presenter, who argued against this bill because it didn't go to a public referendum. I'm prepared to comment on public referenda, but I think that what we have, we have as the result of a government that taxes and spends wisely.

**Madam Chairperson:** Thank you. Do we have any other—Dr. Gerrard.

**Mr. Gerrard:** Yes, one of the statements—thank you for your presentation. One of the statements you've made is that the government has cut \$1.2 billion in taxes. In 1999, when this government came to power, the government raised, I think, it was \$3.6 billion in taxes and, in this year, before the PST, the government will raise \$6.8 billion in taxes. So the amount that it is raising in taxes has gone up very considerably, more than \$3 billion. There doesn't appear to be a lack of \$1.2 billion.

\* (23:00)

**Ms. Land:** I disagree. The degree to which the government's tax revenue has increased is surely a reflection on how well they've managed the economy so that in a context of cutting business—taxes for small businesses, they have somehow generated greater revenue. I don't believe that all of the taxes

they cut were unnecessary cuts. I'm just pointing out that that is \$1.2 billion that could have been spent to further improve the quality of life of Manitobans and to improve the economy and the economic life of Manitoba's businesses.

**Madam Chairperson:** Thank you. Do we have any other questions? If not, thank you—oh, sorry.

**Mrs. Driedger:** Just, Ms. Land, thank you for being here tonight and sharing your comments with us.

**Madam Chairperson:** Thank you very much for coming and waiting so long. Now, we're just going to return. You're almost there. We just have to return now to the ones that dropped to the bottom.

First one is Cameron Henderson. Did Cameron Henderson return? If not, he will go to the global list.

The next one is Ron Chapman. Any return of Ron Chapman? He will go to the global list.

Vince Rempel. No Vince Rempel, he will go to the global list.

And Bill Massey. And he will go to the global list. I believe we have just one sheet.

We have to say the hour being 11:01, what is the will of the committee?

**Some Honourable Members:** Committee rise.

**Madam Chairperson:** Before we rise, it would be appreciated if members would leave behind the copies of the bill so they may be collected and reused at the next meeting.

Committee rise.

Thank you all so much.

**COMMITTEE ROSE AT: 11:01 p.m.**

### WRITTEN SUBMISSIONS

Re: Bill 20

PST Bill, Bill 20 – The Manitoba Building and Renewal Funding and Fiscal Management Act (Various Acts Amended).

My Name is Johnathan Fahr a business owner in Manitoba and a proud Manitoban. Our Company has been operating in Manitoba for over 50 years started by my Grandfather Julius Fahr; we have invested if not all our money back into the Manitoba economy. Our family has built homes, developed land, created communities, built an agribusiness company that supplied feed supplies to farmers in Manitoba, and

also supplied Manitobans with food such as pork from our hog barns and eggs from our chicken barns. Julius always told me that this is a great country and a great province to live in, himself coming from East Germany and immigrating here to Winnipeg, this Province has a democracy a place where government is here for businesses and for free enterprise he always said. When I see what this government is doing to this Province it does no longer make me mad or angry, it actually makes me sad.

When the Balanced Budget, Debt Repayment and Taxpayer Protection Act was implemented in Manitoba in the mid 1990's it was viewed as an important measure to ensure the provincial government of the day had a duty and obligation to spend taxpayers money wisely.

Provisions in the Act provided Manitoba taxpayers with confidence that governments would not return to running annual deficit budgets without consequences. A key element of the Balanced Budget Legislation was that governments could not raise taxes without first going to the public through referendum.

Unfortunately what has been happening over the past number of years is that the provincial government has been continually amending Balanced Budget Legislation to the point where it barely resembles the Act that was established in the mid 1990's

The most recent changes as outlined in Bill 20 to Manitoba's Balanced Budget Legislation are of a major concern to not just the business community but all Manitobans.

Bill 20 proposes increasing the Provincial Sales Tax (PST) in the province from 7% to 8% resulting in a revenue increase to the provincial government of \$277 million annually. The most troubling part of the government's decision to increase the PST is the fact that they are also changing the current Balance Budget Legislation which had stipulated that a referendum of Manitobans be held before increasing the PST.

At the Manitoba Chambers of Commerce 82nd Annual General Meeting held May 3-5, 2013 at the Elkhorn Resort and Conference Centre a resolution was passed unanimously by the Chambers in regards to the government's recent decision to increase the Provincial Sales Tax (PST) from 7 per cent to 8 per cent effective July 1, 2013. As a member of The 2014/2014 Board of Directors of the Manitoba Chamber of Commerce, and as a business

owner I "we" strongly back the Manitoba of Chambers resolution.

The resolution passed by members is as follows: That the Premier of Manitoba respect the province's current Balance Budget legislation and the right for the people of Manitoba to have a voice in the decision on whether or not to increase the Provincial Sales Tax (PST) by 1% by holding a public and binding referendum s in which all citizens can either approve or disapprove of this increased tax.

Manitoba businesses have raised concerns about how increasing the PST to 8 per cent will make us competitive with Saskatchewan which has recently lowered their PST to 5 per cent.

When you add the increased PST along with our higher personal income tax rates, higher corporate income tax rate and that we remain one of the only provinces in Canada that continues to have a Payroll Tax it clearly shows we are establishing an uncompetitive tax framework with other provinces.

According to a recent analysis by the Fraser Institute the PST hike that the provincial government is proposing will also result in a reduction in jobs and income growth.

Here's why: The provincial sales tax applies not only to items bought at the register but also to the cost of doing business. That includes capital goods (machinery, equipment and new technologies), materials, energy and other goods or services that entrepreneurs purchase and use to produce what they sell to their customers.

The higher cost of capital goods is by far the most detrimental feature of the PST, since investments in machinery, equipment and technology are the foundation of a stronger and more productive economy. A higher PST rate will further increase the cost of doing business, leaving entrepreneurs with less money to operate, expand, innovate, hire people and pay higher wages.

Partly due to the PST, Manitoba had Canada's second-highest overall tax rate on new investment in 2012 at 26.3 per cent. For perspective, the comparable rate was 16.2 per cent in Alberta and 17.9 per cent in Ontario.

In a world where provinces compete for mobile investment dollars, increasing the PST will make it even more expensive to invest and do business in

Manitoba. By deterring investment, Manitoba families ultimately lose because less investment means reduced job creation and income growth.

The government's decision to increase the PST raises a number of other questions?

- HOW will the \$277 million received as a result of the increase be invested?
- WHAT plan is there to provide a solution for the significant municipal infrastructure deficit?
- HOW will challenges for the business community surrounding an already uncompetitive tax framework (Saskatchewan currently has a PST of only 5%) be addressed?
- WHAT is the potential impact the proposed increase will have on consumers and businesses?

The reality is the government has yet to articulate an answer to any of these questions. In fact these answers should have been provided to Manitobans before the legislation was ever introduced.

Our Company stands firm that we are in its opposition to the Province's decision to increase the PST. The blatant disregard for proper process around changing the legislation to avoid consulting with Manitobans is unacceptable.

The Province must not only let citizens have their say, but also take a step back to provide some answers, now that the increase has taken effect has this province committed a crime, have they broken the law. As a business owner I believe that I have to set an example for my peers, my employees and people I interact with. Be professional and show that I lead by example. How can this Government lead how can this Government be a role model to our youth in Manitoba when they break the law? I think that professional sports players are held to a higher regard than our Government, when a sports player is caught doing something illegal they need to apologise, the youth look up to these people. Where is the accountability in our Provincial Government?

I believe that a referendum will provide many benefits as it provides clarity of purpose, transparency of investments, greater accountability in the reporting of results and show respect for the hardworking taxpayers of Manitoba. Lead by example; when I see this government spending millions on advertising of why we need this PST

increase with commercials about essential services is more what I call Government propaganda, rather than having a public form such as a referendum.

If this Government truly believes that increasing the PST is in the best interest of Manitoba and will create a strong competitive economy then you should

be prepared, willing and enthusiastic to engage Manitobans and take this proposal to the people.

Sincerely,

Johnathan W. Fahr  
Fahr Group

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

**<http://www.gov.mb.ca/legislature/hansard/index.html>**