

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

*Chairperson*  
*Mr. Doug Martindale*  
*Constituency of Burrows*

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**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty-Ninth Legislature**

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**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON LEGISLATIVE AFFAIRS**

**Thursday, June 5, 2008**

**TIME – 7 p.m.**

**LOCATION – Winnipeg, Manitoba**

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

**VICE-CHAIRPERSON – Mr. Rob Altemeyer (Wolseley)**

**ATTENDANCE – 11 QUORUM – 6**

*Members of the Committee present:*

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

Messrs. Altemeyer, Borotsik, Derkach, Mrs. Driedger, Messrs. Hawranik, Maloway, Martindale, Saran

**APPEARING:**

Hon. Jon Gerrard, MLA for River Heights  
Mrs. Heather Stefanson, MLA for Tuxedo  
Mr. David Faurschou, MLA for Portage la Prairie

**WITNESSES:**

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

Mr. Gustav Nelson, Private Citizen  
Mr. Mike Waddell, Private Citizen  
Mr. Peter Holle, Frontier Centre for Public Policy  
Mr. Brent Olynyk, Private Citizen  
Mr. David Enns, Private Citizen  
Mr. Adam Cunliffe, Private Citizen

**MATTERS UNDER CONSIDERATION:**

Bill 6–The Securities Amendment Act  
Bill 25–The Embalmers and Funeral Directors Amendment Act  
Bill 29–The Business Practices Amendment Act (Disclosing Motor Vehicle Information)  
Bill 38–The Balanced Budget, Fiscal Management and Taxpayer Accountability Act

\* \* \*

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

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

When we left off last night, we were debating Mr. Borotsik's motion. Is–Mr. Borotsik?

**Mr. Rick Borotsik (Brandon West):** Mr. Chairman, I wonder if I may withdraw the motion and get on to another order of business, if I may.

**Mr. Chairperson:** If there's unanimous consent of the committee, we can withdraw Mr. Borotsik's motion. Is there unanimous consent? [*Agreed*]

**Mr. Borotsik:** Mr. Chairman, I wonder, with leave of the committee, if we could deal with Bills 6, 25, and 29. There are no further presenters, and I would suggest perhaps, if there's unanimous leave, we could go clause by clause on those particular bills.

**Mr. Chairperson:** Just for clarification, were you thinking that we would do that until we've finished them or until presenters show up?

**Mr. Borotsik:** Well, if we can get through them and finish them, I would be happy to do that, and then we'll deal with presenters after that.

**Mr. Chairperson:** Okay. Thank you.

**Bill 6–The Securities Amendment Act**

**Mr. Chairperson:** Does the minister responsible for Bill 6 have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** No.

**Mr. Chairperson:** Does the critic have an opening statement?

**An Honourable Member:** No.

**Mr. Chairperson:** We thank the minister and the critic.

Clauses 1 and 2—pass; clause 3—pass; clauses 4 and 5—pass; clauses 6 through 10—pass; clauses 11 through 14—pass; clause 15—pass; clause 16—pass; enacting clause—pass; title—pass. Bill be reported.

**Bill 25—The Embalmers and Funeral Directors  
Amendment Act**

**Mr. Chairperson:** Does the minister responsible for Bill 25 have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** Simply to say I have five amendments which I would like to use to correct the bill based on public representations, and I will bring them up at the right time, starting with section 1.1.

**Mr. Chairperson:** We thank the minister.

Does the official opposition critic have an opening statement?

**Mr. Rick Borotsik (Brandon West):** We'll hear the amendments, I'm sure, that will be brought forward by the minister, brought forward by listening to presentations, which I find very—

**Mr. Chairperson:** Thank you, Mr. Borotsik.

Shall clauses 1 through 3 pass?

**Mr. Selinger:** I have an amendment. Yes, my first amendment would be new section 1.1, and I propose the title of the act to be changed to—I propose the title of the act to be replaced with The Funeral Directors and Embalmers Act.

By way of explanation—

**Mr. Chairperson:** I think we have to wait first and see if it's in order, and we'll also wait until all the committee members have a copy.

The amendment is in order, but we need to go back and pass clause 1, and then introduce the amendment 1.1.

**Mr. Borotsik:** Yes, 1.1, you're saying, rather than the "Embalmers and Funeral Directors," it's going "Funeral Directors and Embalmers?" Is that as I read it?

**An Honourable Member:** Perfect.

**An Honourable Member:** And the rationale?

**Mr. Chairperson:** Excuse me. First, we're going to pass clause 1; then we're going to find that the amendment is in order; and then we're going to get the minister to explain. Then he'll answer questions. Okay?

Clause 1—pass.

We have an amendment from the minister

*THAT the following be added after Clause 1 of the Bill:*

1.1 *The title is replaced with "THE FUNERAL DIRECTORS AND EMBALMERS ACT".*

The amendment is in order.

\* (19:10)

**Mr. Selinger:** Requests from two presenters. One that the funeral directors be first, so it could be more easily found when people are searching for this because most people don't know what an embalmer is anymore.

But, secondly, to retain the name "embalmer" because of the presentation by Mr. Knysh, who wanted recognition that embalming is an important activity, not just a form of marketing, but you actually do something to prepare the deceased for a proper burial. I think there was a consensus on that.

**Mr. Chairperson:** Is there any question or discussion? No.

Clause 1.1—pass.

Shall clauses 2 and 3 pass?

**Mr. Selinger:** I don't know if you want to pass clause 2 first. I have a proposal, an amendment for clause 2.1.

**Mr. Chairperson:** We've had a request to pass clause 2. Are there any further—no.

Clause 2—pass.

**Mr. Selinger:** For clause 2.1, we propose—

**Mr. Chairperson:** Excuse me, Mr. Selinger, you need to move it.

**Mr. Selinger:** I would like to move

*THAT the following be added after Clause 2 of the Bill:*

2.1 *Subsection 7(2) is amended by striking out "under The Embalmers and Funeral Directors Act" and substituting "under The Funeral Directors and Embalmers Act".*

**Mr. Chairperson:** I'm informed that the amendment is in order. The minister can speak to the amendment.

**Mr. Selinger:** I think it's self-evident what we're doing.

**Mr. Chairperson:** Clause 2.1—pass.

Shall clause 3 pass?

**Mr. Leonard Derkach (Russell):** Mr. Chairperson, I have an amendment.

I would like to move

*THAT the proposed subsection 12(4.1), as set out in Clause 3(5) of the Bill, be amended in the part before clause (a) by striking out "After a hearing" and substituting "Within 30 days after a hearing".*

**Mr. Chairperson:** Mr. Derkach is moving this amendment rather than Mr. Faursehou, so please cross out Faursehou and replace it with Derkach.

I'm informed the amendment is in order. Mr. Derkach, would you like to speak to your amendment?

**Mr. Derkach:** Well, very briefly. I think it's self-evident. It just gives a finite amount of time to deliver the decision after the hearing. I think there is some concern out there that, because there is no time limit, some decisions tend to go on and on and on. All this does is that it ensures that the public or the people involved will have a decision in a reasonable time after a hearing is held.

**Mr. Selinger:** The principle of having some upper limit on how long they can take I would support. The 30 days, my staff feel, might be a bit too strict in view of the fact that these panels may not always have a consensus on which way they want to go and might need more time to deliberate to come to a balanced decision, so if we could maybe agree on another number like 60.

**An Honourable Member:** That would be fine.

**An Honourable Member:** Okay. That would require a subamendment.

**An Honourable Member:** We need a subamendment.

**An Honourable Member:** You want me to propose it as a subamendment?

**An Honourable Member:** Sure.

**Mr. Chairperson:** I need to recognize people. We may need a minute to consult legal counsel here.

**Mr. Derkach:** Mr. Chairperson, in our discussion, in our informal discussion, I think it was recognized that perhaps 30 days is a little too tight in terms of every hearing, so we should give some upper limit. I have no difficulty in agreeing to a limit that might be 45 or 60 days or whatever. I think, in this case, we have to rely on the expertise of people who deal with this, so I'm prepared to put in 60 days rather than the 30 days.

**Mr. Chairperson:** I'm advised that Mr. Derkach needs to withdraw his amendment and substitute one with a different number.

**Mr. Derkach:** Mr. Chair, I know that this needs translation and rewriting and so forth, so I will withdraw the amendment that I put forward. I'm prepared to move a different amendment.

**Mr. Chairperson:** Is there leave of the committee, or agreement of the committee, to withdraw the amendment? *[Agreed]*

**Mr. Derkach:** Mr. Chair, I move

*THAT the proposed subsection 12(4.1), as set out in Clause 3(5) of the Bill, be amended in the part before clause (a) by striking out "After a hearing" and substituting "Within 60 days after a hearing".*

**Mr. Chairperson:** I am advised that the amendment is in order.

**Mr. Derkach:** I don't think I have any further comments.

**Mr. Chairperson:** I've been missing an important step here. I don't know how I could forget this from a year ago, but I need to read the amendment so:

It has been moved by Mr. Derkach

*THAT the proposed subsection 12(4.1), as set out in Clause 3(5) of the Bill, be amended in the part before clause (a) by striking out "After a hearing" and substituting "Within 60 days after a hearing".*

The amendment is in order. We are open for debate. Hearing no debate, are we ready for the question?

Amendment—pass.

We're just waiting to see what his other amendment says and where it fits in.

It has been moved by—Mr. Derkach, I'll get you to move your amendment.

**Mr. Derkach:** I move

*THAT the proposed clause 12(4.1)(b), as set out in Clause 3(5) of the Bill, be amended by adding ", by registered mail," after "the decision".*

**Motion presented.**

**Mr. Chairperson:** The debate is open.

**Mr. Derkach:** Again, it's self-evident. I don't think I need to speak to it.

**Mr. Chairperson:** Amendment—pass.

Clause 3 as amended—pass; clauses 4 through 6—pass.

Shall clauses 7 and 8—

**Mr. Selinger:** Yes, I have an amendment for section 7, 16.2(1) in section 7.

**Mr. Chairperson:** Let's wait till we have a copy in front of us.

\* (19:20)

**Mr. Selinger:** I move

*THAT the proposed subsection 16.2(1), as set out in Clause 7 of the Bill, be amended by striking out "to the purchaser about those supplies or services" and substituting "about those supplies and services to the purchaser or a prospective purchaser, or to any other person requesting it,".*

**Motion presented.**

**Mr. Chairperson:** The motion is in order.

**Mr. Selinger:** This simply requires them to provide information to not only people that have actually made a decision to purchase, but those people thinking about making a purchase so they can make an informed decision before they actually make their decision. This is, once again, the public recommended this, the people.

**Mr. Chairperson:** Amendment—pass.

Clause 7 as amended—pass; clause 8—pass.

Shall clauses 9 and 10—Mr. Minister.

**Mr. Selinger:** Yes, I have a proposed amendment in section 9.

I move

*THAT Clause 9 of the Bill be amended by adding the following after the proposed clause 18(1)(e.2):*

(e.3) the number of complaints received during the preceding year and their disposition;

**Motion presented.**

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

**Mr. Selinger:** It simply requires the funeral director, if requested, to provide information about what concerns other customers might have had in the past. *[interjection]* In the annual report of the board.

**Mr. Derkach:** I'm sorry. I'm going to ask the minister to repeat the explanation again because I got—

**Mr. Selinger:** Yes. It simply requires, in this section, that the board's annual report include information about the number of complaints received and their disposition during the previous year so that the public can then better know how the board is functioning.

**Mr. Chairperson:** Amendment—pass.

Clause 9 as amended—pass; clause 10—pass.

Shall clauses—Mr. Minister.

**Mr. Selinger:** On clause 11, I have a proposed amendment which we will circulate. *[interjection]* Yes. If we could pass clause 11, then I would have 11.1.

**Mr. Chairperson:** Clause 11—pass.

**Mr. Selinger:** Yes, I move

*THAT the following be added after Clause 11 of the Bill:*

*11.1 The following is added after section 22:*

**C.C.S.M. reference**

**23** This Act may be referred to as chapter F195 of the *Continuing Consolidation of the Statutes of Manitoba*

**Motion presented.**

**Mr. Selinger:** This is simply a procedure to recognize that the title has changed; therefore, it requires a new number in the statutes.

**Mr. Chairperson:** Shall clause 11 as amended pass?

**Some Honourable Members:** Pass.

**Mr. Chairperson:** Oh, sorry. I did that wrong.

Clause 11.1 as amended—pass.

Clause 12—pass; clause 13—pass; enacting clause—pass; title—pass. Bill as amended be reported.

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

**Mr. Chairperson:** Does the minister responsible for Bill 29 have an opening statement?

**Hon. Greg Selinger (Minister of Finance):** No.

**Mr. Chairperson:** Does the official opposition critic have an opening statement?

**Mr. Rick Borotsik (Brandon West):** We do have amendments, but we'll let the minister go through clauses. Does the minister have amendments?

**Mr. Selinger:** No.

**Mr. Chairperson:** Thank you for the head's up. We thank the members.

Shall clauses 1 and 2 pass?

**Mr. Leonard Derkach (Russell):** Sorry, we're okay until clause 4.

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

Shall clause 4 pass?

**Some Honourable Members:** No.

**Mr. Derkach:** I move

*THAT the proposed subclause 32(1)(f.1)(i) as set out in Clause 4(1) of the Bill be replaced with the following:*

(i) information to be disclosed by the supplier to the consumer about a vehicle that the supplier could reasonably obtain through the use of a title search, equivalent background check or other similar means, including information about the vehicle's history and whether the vehicle has been determined to be a lemon under the laws of another jurisdiction, and

***Motion presented.***

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

**Mr. Derkach:** Mr. Chairperson, I think this just more fully describes, I think, what the subsection (i) of the clause really wants to lay out. I don't think it changes it substantially. It simply allows a little more fuller disclosure of what needs to be disclosed in a vehicle that has been determined to be a lemon.

**Mr. Selinger:** Yes, I would respectfully have to request that we not proceed with this amendment because the language of the amendment actually waters down the strength of the clause, and we will, as I indicated during public representations, be out there consulting people and develop an appropriate regulation, but we want the language in the bill to give us sufficient legal authority to develop a regulation that will protect the public. The word "reasonably" could be the subject of litigation and entangle this whole thing up and not serve the public purpose for which the bill was intended.

**Mr. Borotsik:** Certainly, Mr. Chairperson, the amendment that was put forward by my colleague, either Mr. Faurshou or Mr. Derkach, whoever he looks like, certainly does give a better understanding of that particular clause and, if the minister would read that he says that it's reasonably obtained through the use of title search, we did hear from a lot of—we did hear from the presenter that there were some difficulties with other jurisdictions, particularly American jurisdictions, not having the same disclosure in the U.S., and, if it was simply a matter of the re-seller doing a vehicle check, an identification check through the VIN, that's really all that could be expected of them. Now I do hear the minister saying, and I do appreciate it, that accompanying this will be regulations.

\* (19:30)

I do believe also that the presenter would like to have some consultation of those regulations when they are being prepared, but there really doesn't seem to be anything in this bill that gives them the comfort that there's going to be something reasonable that they have to be able to check so that they can then give their assurances that they've done everything they possibly could to say that that vehicle is not a lemon. In fact, that reasonable doubt or that reasonable search would be of a simple VIN number and a title check. What else would the minister see in the regulation?

**Mr. Selinger:** The problem I have with this is that it limits the requirement to use one form of data which

could be very quickly go out of date. There are evolving methods for doing verifications of vehicles. There are evolving data bases. There are new technologies coming into play all the time, including Internet searches and fancier and fancier Internet searches. I'm very concerned that this amendment would freeze in time the technology required to do the check and very quickly make this legislation or this regulation stale dated and not serve the best interests of the consumers.

I think we have to have some confidence in our officials in the Consumers' Bureau that they will develop a regulation that's appropriate, after consultation with the industry, to the current means available to do a proper check on these vehicles.

**Mr. Derkach:** I think we're on the same page in terms of what the intent that all of us want of the bill. But, if the minister would agree that, somehow, in the formulation of the regulations there will be some consultation with us or some kind of ability for us to have input to ensure that, in fact, what we are trying to strive at here is covered, then I think I'd be prepared to go along with the minister's recommendation.

**Mr. Selinger:** Totally reasonable request. We will be not only consulting the industry, but I'd be happy to consult members of the official opposition, the critic, or anybody else who's interested as we develop the regulation and provide a full opportunity for input and comment on it before we make it a force of law.

#### Voice Vote

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

**Some Honourable Members:** Yea.

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

**Some Honourable Members:** Nay.

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

\* \* \*

**Mr. Chairperson:** Shall clause 4 pass?

**An Honourable Member:** No.

**Mr. Derkach:** I move

*THAT Clause 4(2) of the Bill be amended by adding the following after the proposed subsection 32(3):*

#### Consultation requirement

**32(4)** The Manitoba Used Car Dealers Association must be consulted on any regulation made under Clause 1(f.1).

#### Motion presented.

**Mr. Selinger:** I'm unfortunately going to have to recommend that we vote against this amendment. I gave a public undertaking to the association that I would consult them, but that will not be the only group consulted. They will be one for sure. We will consult consumer associations and other interested parties in this matter. I'm concerned that this privileges this group over and above all other Manitoba consumers. This is a consumer protection measure. Certainly, the industry will be consulted, and I can assure you that, if they are not consulted in a way they are not satisfied, we all hear about it. But I can tell you that we will consult them. I don't think it has to be put into the law like this. I don't think that's appropriate. It undermines the consumer protection element to the bill.

**Mr. Chairperson:** I'm informed that the amendment is in order.

**Mr. Derkach:** The reason for this clause is that in the presentations from the public—and the minister agreed earlier that we should be listening to the public, and, indeed, some of the amendments he brought forward were as a result of the presentations made to the committee. In this instance, the Used Car Dealers Association, when they appeared before the committee, indicated that they were not consulted prior to the development of this bill. Now I have no way to know whether, in fact, they were or were not consulted. All I could do is take their word for it.

As a result, we feel that because this is a group that does a significant amount of commerce in Manitoba—they employ a lot of people in our province and, indeed, have a fairly important stake in the economy in the communities that they operate. I think it's important that they also be heard. Although we are trying to protect the consumer, I think sometimes the consumer himself or herself can take advantage of a situation, and we want to make sure that car dealers who are engaged in the selling of cars, automobiles, have some ability to be consulted on an industry that is very key to them. That's why we think that this is an important element of the bill and should somehow be incorporated within the contents of the bill.

**Mr. Selinger:** Once again, I have undertaken in public to consult them, our officials will consult them. They actually did have a meeting with them even before we brought this amendment to The Business Practices Act forward, but, too—this would be unprecedented to put one group into legislation to be consulted to the exclusion of all others. We're going to have to trust our officials here to do a proper job and consultation. Because of the way this Legislature and Province works, there's no escaping criticism if it's not done properly, but to put it in legislation, I think, would send the wrong message to the public that they're not as important as the dealers association in the consultation process.

Once again, we have undertaken a public commitment to consult them and they will be consulted. Will they be entirely happy? I cannot guarantee that, and it might be appropriate that they're not entirely happy given that the regulation will require some disclosure requirements not heretofore made necessary under existing law.

**Mr. Derkach:** Mr. Chairperson, I disagree with the minister in that I don't think we're asking for the Manitoba Used Car Dealers Association to have any leverage beyond the consultation process. We're not asking for them to have an ability to overturn or veto any portion of the regulation. All we're asking for, because this impacts on them so dramatically, that they be consulted on the development of the regulations. I don't think it's an unreasonable request, and neither is it unreasonable to have it in the bill because this is a very vested group.

Now, the bill itself is designed to protect the consumer, but that's one party, and nowhere in the bill is there mention of how you protect the interests of the other party who are the car dealers. In this particular instance, it is the car dealers association who are an umbrella group representing a lot of important individual enterprises within our province. I would submit that this clause is, in fact, one that is important for Manitobans and it puts a balance in how we can address this issue of the lemon car law.

**Mr. Selinger:** For the information of the members of the committee, there already is a public consultation requirement in the act, 32(2) under The Business Practices Act, which reads as follows: except in circumstances the minister considers to be of an urgent nature, the minister shall provide an opportunity for public consultation and seek the advice and recommendations of the public with

respect to any regulation proposed to be made under subsection (1) before the regulation is made.

I must tell the members that the Consumers' Bureau has a good reputation for consultation. I've always had good feedback about the bureau's sincere attempts to consult people. It doesn't mean they're always entirely happy, but I've never had any complaints about the professionalism with which they undertake their legislative responsibilities.

I must say, again, singling out one group, I think, would be a mistake. It would be unprecedented for consumer protection legislation to single out one group like this, and, with respect, I'm going to have to oppose this amendment.

#### Voice Vote

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

**Some Honourable Members:** Yea.

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

**Some Honourable Members:** Nay.

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

The amendment is accordingly defeated.

**Some Honourable Members:** On division.

**Mr. Chairperson:** On division? On division.

\* \* \*

Clause 4—pass; clause 5—pass; enacting clause—pass; title—pass. Bill be reported.

\* (19:40)

**Mr. Borotsik:** Mr. Chairperson, I wonder if, with leave of the committee, we can adjourn till 8:30. There are some presenters, as I understand, that will be making presentations. If we could adjourn now till 8:30, there are other presenters.

**Mr. Chairperson:** I wonder—I appreciate your suggestion, but I wonder if I could make another suggestion, and that is, if we could start calling names except of those people who we're expecting and—

**Mr. Borotsik:** I appreciate your concern, Mr. Chairperson. The unfortunate part is that I don't have those names identified right now. There will be

seven presenters that have identified that they will be coming—

**Mr. Chairperson:** Okay.

**Mr. Borotsik:** —Mr. Holle being one of them, which I know would love to make a presentation. There's an individual coming from out of town who will be here approximately at 8:50.

**Mr. Selinger:** Here's what I would propose in order to be efficient, because I understand we all have a common objective here to get any person that shows up that his name's been called twice. I will agree to hear them on the recommendation of the critic.

**Mr. Borotsik:** I would make a further offer to the minister that we will, in fact, let all of these names go this evening and, in order to call them twice and not take very long, we can call them probably in about 10 minutes. What I would prefer really, is to wait for the individuals who are coming because I really would like to hear them make their presentations. There are others that were to make presentation tomorrow. Again, since we don't have confirmation of anything with respect to a sessional order, I'd just like to keep those people on the list until we do have the opportunity of hearing the seven presenters tonight, and then, as I said, once upon the sessional order, we will have these names left from the list.

**Mr. Selinger:** Is it the view of the critic that we have to wait till 8:30, or is there any other business we could envision getting done between now and then because—

**Mr. Borotsik:** I prefer not to go through clause by clause on Bill 38 as yet until I've heard the presenters. I would hate to say this, Mr. Minister. I can put a motion on the floor, but I don't think that that certainly serves any useful purpose. My preference would be if we could—okay, adjourn to quarter after 8?

**Mr. Chairperson:** I need to ask what is the will of the committee.

**Mr. Borotsik:** Okay.

**Mr. Chairperson:** Is it the will of the committee to recess until—

**An Honourable Member:** Leave to recess till 8:15.

**Mr. Chairperson:** —till 8:15? Is there agreement? Is that agreed? *[Agreed]*

The committee is recessed till 8:15.

*The committee recessed at 7:43 p.m.*

*The committee resumed at 8:14 p.m.*

**Mr. Chairperson:** The Standing Committee on Legislative Affairs will please come to order.

How late does the committee wish to sit tonight? I've heard a suggestion of 10 o'clock. Will we reassess that at 10 o'clock? *[Agreed]*

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

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

For the information of all presenters, while written versions of presentations are not required, if you're going to accompany your presentation with written materials, we ask that you provide 20 copies. If you need help with photocopying, please speak with our staff.

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

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

**Mr. Chairperson:** We will resume hearing presentations where we left off last night. We are going to start at the top and read names:

Boris Gavrailoff. Boris Gavrailoff. Boris Gavrailoff's name is dropped to the bottom of the list.

Jeff Plantje. Jeff Plantje. Jeff Plantje's name is dropped to the bottom of the list.

Robert Waddell. Robert Waddell. Robert Waddell's name is dropped to the bottom of the list.

The following names are called for the second and last time:

Don Halbert. Don Halbert. Don Halbert's name is removed from the list.

Karen Dudeck. Karen Dudeck. Karen Dudeck's name is removed from the list.

Randy Bialek. Randy Bialek. Randy Bialek's name is dropped to the bottom of the list. *[interjection]* No, he's deleted, I'm sorry.

Melanie Sobering. Melanie Sobering. Melanie Sobering's name is deleted.

Drew Ostash. Drew Ostash. Drew Ostash's name is deleted from the list.

Nathan Peto. Nathan Peto. Nathan Peto's name is deleted from the list.

Tom Crockatt. Tom Crockatt. Tom Crockatt's name is deleted from the list.

Cindy Vandenbossche. Cindy Vandenbossche. Cindy Vandenbossche's name is deleted from the list.

Doug Sisson. Doug Sisson. Doug Sisson's name is deleted from the list.

David McLelland. David McLelland. David McLelland's name is deleted from the list.

Dale Lund. Dale Lund. Dale Lund's name is deleted from the list.

Jag Malik. Jag Malik. Jag Malik's name is deleted from the list.

Laurena Leskiw. Laurena Leskiw. Laurena Leskiw's name is deleted from the list.

Lillian Kelbart. Lillian Kelbart. Lillian Kelbart's name is deleted from the list.

Suzanne Adkins. Suzanne Adkins. Suzanne Adkins's name is deleted from the list.

Ray Sitter. Ray Sitter. Ray Sitter's name is deleted from the list.

Deanna Dolff. Deanna Dolff. Deanna Dolff's name is deleted from the list.

Art Oscar. Art Oscar. Art Oscar's name is deleted from the list.

Cliff Zarecki. Cliff Zarecki. Cliff Zarecki's name is deleted from the list.

Bruce Dwornick. Bruce Dwornick. Bruce Dwornick's name is deleted from the list.

Brad Zander. Brad Zander. Brad Zander's name is deleted from the list.

\* (20:20)

Patrick Hiebert. Patrick Hiebert. His name is dropped to the bottom of the list.

Gustav Nelson. Mr. Nelson, welcome. Do you have a printed copy to distribute?

**Mr. Gustav Nelson (Private Citizen):** No, I do not.

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

**Mr. Nelson:** May I have some water?

Thank you, Mr. Chair, fellow committee members and guests in the audience tonight.

I come here tonight with a message of what I feel government should be: freedom, liberty and limited governments. Freedom is the rights of the citizen to do with their life as they see fit to the extent they do not harm another; liberty, the rights of freedom guaranteed to the citizen; and limited governments is the control over the people in government to guarantee the latter two.

With power, those who can will. Exercising that will is only a matter of time regardless of how well-intentioned any person is. So I raise the question tonight: How long will this government remain or start to be accountable with the public's finances when it gifts itself an open cheque not to be?

Needless to say, I am here tonight to object to Bill 38. Although I am in favour of generally accepted accounting principles for government to abide by, I cannot support the government in giving itself a blank cheque to operate deficits and allow itself to pillage the pockets of Crown corporations.

To start off, I have to acknowledge that I am against government being involved in any business, no matter what it is, as I do not see this is the reason why we have government in the first place. I feel confident that the people are quite capable of making their own choices and decisions in their own lives as to where they would like to purchase their alcohol from, their lottery tickets, their auto insurance, or whatever it may be.

However, I do understand that this is not the question that is being proposed right now, but money from these corporations is what is at stake. Profits from these businesses should not be subject to the whim of the Premier (Mr. Doer) or whoever that may be at whatever time. If anyone should be profiteering

from these monies, it should be the people that own them, i.e., us, the people. It should be the people that—pardon me. I know I pay my fair share to the MLCC occasionally, and I, as shareholder, as a citizen of this province should be the first to get my dividend from profits. It is not the right or duty of the government to take these monies and spend it on whatever they see fit.

For years now, Manitoba has continued to fall behind other provinces in terms of jobs, income and quality of living. The general response of this government when any situation occurs is to spend money. There are many examples, but the greatest example of this is health care; constantly, more money gets thrown at it with less and less results. I am a true test to this as, currently, right now, I am waiting for knee surgery. Although it has been finally scheduled, it has taken four months to finally get something. I do not have quarrels with the quality of care I receive. I just have quarrels when it comes, when it takes six months to have the issue taken care of. Luckily for myself, I was able to be put on a cancellation list and have the process cut down two months. I find it quite ridiculous when people are forced to suffer while they wait for their treatments while, if this was the United States, it would be taken care of within a matter of days; however, I do digress. It seems very awry that a change of this measure needs to take place, especially since this Province is receiving record number of transfers to the tune of \$4 billion a year; \$4 billion is a lot of money, considering that Manitoba's operating budget is double that—all in all, roughly being about 12. Despite that, our provincial debt continues to climb, hallway medicine still reigns true and Manitoba's infrastructure still continues to crumble.

Where does this money go? What does it get spent on? It would seem very fortunate that there is a government in Ottawa that recognizes that this province lacks in growth where others are succeeding.

On the other hand, I have to say that as much as it is fortunate that we do get this money from these transfer payments, it is quintessentially unfortunate because it does not force this government to be accountable with its day-to-day actions. That is what the key of this bill is: accountability. How long will it be before Crown corporations have to be sold off? How much longer will it be before Manitoba Hydro gets sold? How much longer will it be before Manitobans are forced to pay for their health care?

All of these are definite possibilities that may come true, not because it's the thought of the people to do so, but because of negligence, uncontrolled and unaccountable government spending. It may not be tomorrow or the next day, but given how this government spends, it would be of no surprise. Therefore, these are no more than superfluous requirements that need not be taken.

It was Lord Acton, the historian, who had said, power tends to corrupt; absolute power corrupts absolutely. He further went on to add that great men are almost always bad men. By no means am I suggesting that anyone here is great, and I am definitely not saying that anyone here is bad. However, what I'm saying is that a government that is given the opportunity will.

Limited government is something that should always be strived for as it is a great achievement. The most successful societies have been the ones in which the citizens themselves have been able to keep what they have worked for and ones that allow their citizens to flourish as they see fit.

I ask you tonight to please reconsider this bill and the implications that it will have for the years to come. Thank you.

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

**Mr. Rick Borotsik (Brandon West):** Thank you, Mr. Nelson.

You're a young Manitoban, I can see that, and I thank you for making the presentation tonight. I do know that people make sacrifices to put their opinions forward. That's what a democracy is all about.

Are you going to school right now?

**Mr. Nelson:** Yes, I am.

**Mr. Chairperson:** Mr. Nelson, I need to recognize you first.

**Mr. Nelson:** Yes, I am.

**Mr. Borotsik:** The process here is, because of *Hansard*, the Chair has to identify us, so when I ask you a question, he's then going to give you the opportunity to respond.

You're going to university, are you?

**Mr. Nelson:** Yes, part time.

**Mr. Borotsik:** I guess the reason I ask the question is normally young, bright, adventurous individuals

have a tendency of maybe leaving the province. Are you planning any post-graduate, or do you plan on looking at work outside of the province of Manitoba?

**Mr. Nelson:** Currently, my plan is to pick up a degree and join the military.

**Mr. Borotsik:** That certainly would be outside the—well, maybe not. You could be at CFB Shilo. We would welcome you there, believe me.

The question I have, you talked about our equalization and transfer payments equalling about \$3.9 billion this year, almost 40 percent of our total budget, 36 percent to be exact. You're a young man. You obviously have peers in other areas of the country, other jurisdictions. How do you feel about our status as a have-not province? Do you ever feel a little discouraged about that?

**Mr. Nelson:** Absolutely, I do. I've seen some of my good friends take leave for greener pastures, going to Alberta and such because the money that could potentially be made here does not equal to what could potentially be made there. I do find it a little difficult to stay here at times, but I do see the potential in this province to become a have-province, so to speak.

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

The next presenter is Beverley Ranson. Beverley Ranson. Beverley Ranson's name is dropped from the list, deleted from the list.

Mike Waddell. Please come forward. Do you have a written presentation?

**Mr. Mike Waddell (Private Citizen):** No, Sir, I do not.

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

\*(20:30)

**Mr. Waddell:** Mr. Chairman, members of the committee and guests in the room, I first would like to go on record with a large thank-you to the non-partisan staff of the Legislature for the yeoman service they've been doing over the last couple of weeks. I know this has not been easy for many of them and the hours and for yourselves, as MLAs, so I thank you for all of your commitment to the process, giving us as general citizens an opportunity of a voice in this process. In light of that, I know I'm allotted 10 minutes, Mr. Chairman, but I probably will not take 10 minutes. I have very brief remarks tonight.

I actually want to start with my understanding of the system as it stands right now is that if a government runs a deficit, there is a penalty for Cabinet ministers for their salary. That is my understanding from reading the bits and pieces of the legislation I've been able to find. In the new legislation in Bill 38, there's a proposal that moves the penalty clause to being tied no longer to operating budget, a deficit in the operating budget, but to some form of four-year rolling average based on the net average.

Again, I'm no accountant. I'm a person who serves people one-on-one as a chaplain in kind of a grass-roots way, so no one would ever accuse me, looking at my own investment portfolio, as being someone who's a whiz with numbers. We get by and we do okay, but I do understand that, when a penalty is tied to something and there are consequences and then tied to something which is much easier to attain, that, to me, is lowering the bar.

As a general citizen, I'm concerned about that because—and maybe I guess I should state very clearly that it's my understanding that the government has stated repeatedly they are not running a deficit and they have no intention of running a deficit, but then I'm puzzled as to why they would lower the bar and move the penalty off of the current definition of a deficit and soften that down or, as someone recently said to me, dumb it down to a much easier mark to attain. I want to go on record as saying the switch, or that shift, really concerns me because if there is no risk of running a deficit, why remove the penalty from the traditional and the standard version of a deficit?

The other point I wish to raise is that, while there's a referendum—and it's been required for some time in the legislation and it's just being restated, I believe—there's a referendum for tax increases. It says tax changes at the head of the one section there, but it seems to me that, while taxes have held their own or, in some cases, there have been instances where it's been held up that there's this tax lowered, that tax lowered, but it's my understanding there are a lot of increases in fees. So I would suggest that, if there's going to be a referendum for tax increases, why does the public not have the opportunity to make a statement and vote on the idea of increases in fees like the recent fee increase for registering a vehicle. I believe it was doubled.

Those are basically my two points this evening. Again, I wanted to respect your time and your energy

that you've been pouring into this process on many, many bills and do not want to labour beyond those two points. I don't believe that there should be a dumbing down or a softening of the requirements connected to the penalty of a minister's salary, not that I want any of you to be penniless or in the poorhouse. I grow lots of potatoes at home, so if you do happen to keep the penalty where it is and you do happen to run that mythical deficit, I would gladly take you in for a day and feed you.

The other point being if there's going to be an increase in what appears to be a fee increase that would happen across the board in almost record number in my opinion over the last number of years, we maybe should allow the citizens to have a say in that. While taxes may not be increasing, the fees sure have.

That is all I have to say, Mr. Chairman. Thank you.

**Mr. Borotsik:** Thank you, Mr. Waddell, for making your presentation, coming in all the way from Brandon. We do appreciate that.

First things first, I don't believe with this proposed legislation, Bill 38, that the chance of a minister ever losing his salary will be as likely as a pig flying. There are so many loopholes in this legislation. There are so many checks and balances, if you will, with respect to natural disasters and other areas of protection that you don't have to worry about ever having to feed any of the ministers of the Crown, at least not for the next four years because it's a rolling average every four years. Even if they did, which is highly unlikely on a summary budget, run into a deficit, you wouldn't have to worry for four years. Can you grow enough potatoes at that point in time?

Fees, fees are an interesting thing. You're right. There is a referendum clause in this piece of legislation which was carried over from the 1995 legislation, but fees have been increased quite dramatically. Your registration fee, Pharmacare, which you don't have to deal with just yet, I don't suspect. It would be very difficult, in my opinion, to raise a vehicle registration fee by referendum.

Is there any other option that you may well have with respect to fees and when and how they should be raised?

**Mr. Waddell:** Thank you, Mr. Borotsik.

I haven't given a lot of thought to methodology for raising fees, but, to me, it concerns me that every time I turn around or hear someone, for example, again, registering a vehicle, that it costs twice as much to register that vehicle. So, in my mind, I would suggest that possibly members should hold public meetings in their area whenever there's a proposed fee increase on something that a Crown corporation or a government body is regulating. To me that makes perfect sense.

It's my understanding there's supposed to be some government meetings, public ones, I was told, in the media, in the Westman area that the honourable Member for Brandon East (Mr. Caldwell) is supposed to be holding to connect with and find out the state of affairs and why some ground was lost in the Westman region. Maybe those are the kinds of meetings that could be held where proposed fee increases could be run by people, because, possibly, if there's going to be an offsetting reduction in taxes, then maybe it would be better to have a user pay system on things like vehicle registration. Well, fine, then lower the insurance premium to offset the registration costs. I don't know.

**Mr. Borotsik:** You also have mentioned a term called taxes. If there was an offsetting reduction in taxes and not just simply free fee increases, than, obviously, that would make sense. Currently, and I know it isn't incorporated into Bill 38, although it does speak to the legislation because it is monies raised, are you aware that Manitoba right now pays, that Manitobans pay the highest personal income tax of any jurisdiction west of Québec?

**Mr. Waddell:** Mr. Borotsik, I wasn't actually aware that we were, west of Québec. I thought at one point we were the highest west of Ontario, so it's news to me that we've jumped up a notch, if that's the kind of notch we want to jump up.

My family, the reason my wife and I chose to stay in Manitoba was simply to care, particularly, for my wife's parents who are quite elderly and much older than my parents. Trust me, we've looked at other pastures. We've looked at the Albertas. I mean, my work is very transferable. As a chaplain, people will always have emotional and spiritual needs. So I could go anywhere and work anywhere in the country. I could probably work—well, I know I could work anywhere in North America. So we've chosen, in spite of disincentives like being one of the highest taxed areas in the country, to stay in Manitoba.

I'm glad I didn't know the-highest-west-of-Québec when we made the decision.

**Mr. Borotsik:** My last question, Mr. Waddell, I do know that you were very involved in the election campaign in the past provincial election. I'm sure it's no secret from the members around this table, either.

Bill 38, which is repealing the 1995 budget legislation, balanced budget legislation, that was put in by the previous Conservative government and replacing it with a summary budget on a four-year rolling average, do you recall at all during the last election campaign this particular promise from the New Democratic Party that they were going to put new balanced budget legislation in place? Did you see any of that in their pamphlets, in their election platform?

**Mr. Waddell:** Mr. Borotsik, thank you. You know what? I had not thought of that point. I did see many pieces of election materials. I debated my opponent. We came to, I think, a healthy point in the election. I acknowledged, and I shook his hand and thanked him. But nowhere in there, nowhere did I hear anything about changing the balanced budget legislation to go to a four-year rolling average, nowhere in there.

What I did hear a lot of on the doorstep was, I'm tired of waiting for cancer treatment in a proper cancer care clinic in Brandon. In fact, I was on the phone for an hour tonight with someone who is looking at another six weeks before they can properly see an oncologist. They have two types of cancer in their body. They were quite surprised, because they had just kind of kept near, they're not politically involved at all. So they thought there was a cancer clinic in Brandon, until they were faced with it and realized they had to be driving back and forth.

\* (20:40)

So I heard lots of people saying, I want better bang for the taxes I spend, because I know taxes are part of life. I heard that many times. But nowhere in there did I hear that there should be a repealing of some of these items.

**Mr. Chairperson:** Our time for questions has expired. Thank you, Mr. Waddell.

**Mr. Waddell:** Thank you, Mr. Chairman.

**Mr. Chairperson:** Peter Holle, president, Frontier Centre for Public Policy. Mr. Holle.

Do you have a written presentation, Mr. Holle?

**Mr. Peter Holle (Frontier Centre for Public Policy):** No, I don't.

**Mr. Chairperson:** That's fine. Please proceed when you're ready.

**Mr. Holle:** Thank you very much for allowing me to comment this evening. It's a complicated piece of important legislation.

A little background for you: the Frontier Centre for Public Policy is a Winnipeg-based public policy think tank. We now have offices in Saskatchewan and in Alberta. The think tank focusses on high performance public policy. We are a growing organization. Our budget's about one and a half million dollars a year now. We do not accept any government funding, so we have really no incentives to talk about ideas that expand government spending, management, and control of our economy.

This legislation has some special relevance to me because I was involved in the design of the original balanced budget law back in the early '90s. I was the director of the Manitoba Taxpayers' Association, and the model legislation that was developed at the Taxpayers' Association was largely adopted in the 1995 legislation.

A little bit of history: the balanced budget law that was passed in 1995 was and has been generally recognized as the best and most vigorous legislation of its kind in Canada. I do recall the Canada West Foundation doing analysis of this. It was ranked by far the best in Canada at the time. I don't think that changed much.

The balanced budget law was a centrepiece issue of the 1995 Manitoba election. The party that promoted it won the election. I do recall that the present government achieved power in 1999 by promising to maintain the balanced budget law intact. I believe the amendments proposed in Bill 38 do break that promise.

I want to talk a little bit about Manitoba's situation. The ultimate value of the balanced budget law is to shift the focus of policymakers from resource reform to structural reform. When I talk about resource reform, it's about simply pouring more money into old public policy models, which has been the practice in Manitoba. Ideally, you want to go to a structural reform form of public policy where you are looking at new models, where you are trying to, you know, break monopolies, increase

value for money, bring more transparency into public policy.

Unfortunately, we have had a federal policy on transfers which, frankly, in my opinion, has been quite naive. Talking about something called the fiscal imbalance and the rapid increase in federal transfers over the last several years has largely short-circuited any pressure to rethink and modernize public policy in Manitoba. Federal transfers have increased from 32 percent of total spending in 1999 to about 37 percent this year. If we look at Manitoba provincial spending as a percent of the economy, it is the highest in western Canada.

We have among the most expensive public services, until recently, the most expensive health system, the most expensive education system. By various public policy measures, they are generally low performing. I don't mean it in a bad way, but mediocre in many ways. If you will, we use the term "the Bulgarian post office model on steroids."

If the Manitoba government at all levels had to staff its public sector at proportionate Ontario levels we would see very dramatic reductions in the size of the public sector. Taxes are the highest in western Canada, particularly on high-value segments of the economy. The highest personal income taxes in western Canada are here in Manitoba.

Correspondingly, we don't have a lot of private investment here. According to Stats Canada, a year ago, we had the lowest levels of private capital investment per capita in Canada here. It used to be New Brunswick and Prince Edward Island. Manitoba now has the lowest amount of private capital investment per capita.

The most pressing public policy issue in Manitoba today is disproportionately high government spending relative to the size of the Manitoba economy and also to the service levels provided. Despite what you might hear, Manitoba, and particularly the provincial government, is in a shaky position. I like to talk about the perfect storm. We have \$130 oil. We have Ontario moving aggressively to curtail federal transfer payments. It is confronting high energy prices, severe competitive pressures from the rising dollar, et cetera.

I also think that the present federal government is philosophically more inclined to less federal interference, and that, as we move forward, the chances of seeing transfer payments start to decline substantially is very high. I also think that the federal

government at some point will understand that there are votes in Ontario from reforming the transfers. Of course, the collateral damage will be Manitoba, as things stand now.

The case for a balanced budget law, I don't want to give you a lesson in public choice in economics, which is really the economics of politics. It's about the rational ignorance of the taxpayer who is operating in a system where there are concentrated benefits and diffuse costs. It's rational for a taxpayer not to get upset about some policy that might cost \$5 or \$10. On the other side of that equation, you have highly organized interest groups who will spend a lot of money and lobby for policies that raise government spending, create and protect monopolies, and there are lots of examples of that here in Manitoba; we don't have time to talk about it.

There is a historical pattern in a lot of societies where rising spending levels eventually create a fiscal crisis, and then there's an economic collapse. This, again, is the issue of this force of concentrated benefits, diffuse costs and something called the iron triangle where interest groups work with politicians to raise spending.

I look at the balanced budget law as something which simplifies life for the elected officials, for the folks on this side of the room. It is a mechanism for letting groups know that raising spending is out of their hands. I think that's the case for a rigorous balanced budget law.

The problems I have with the amendments, not balancing every year allows unnecessary slippage. Individuals' households have to balance their financial affairs every year and so should governments.

By adding Crown corporations into the calculation, by combining the two budgets, we are opening the Bulgarian post office model on steroids to a potential new cornucopia of funding. The Crowns are commercial enterprises that, in theory, are separate from core government operations. However, they do exist in a political twilight zone of very low transparency, relatively low accountability. For that reason they are generally low-performing organizations.

Again, I'm not trying to insult Crown corporations, but they operate in an environment where there's not much measurement and there is a lot of politics. They receive hidden subsidies like tax exemptions, taxpayer-subsidized capital.

If you look at MPIC, it's cross-subsidizing bad drivers with higher premiums on good drivers, and it has low payouts relative to private insurance operators in other provinces. Generally, taxpayers are subsidizing MPIC.

\*(20:50)

Manitoba Hydro, however, is a very different story. It is stuck with a dustbowl era power-at-cost policy model. Ignoring the hidden government subsidies it receives, it has the potential to sell its electricity at much higher rates worth potentially between \$1 billion and \$1.4 billion in extra revenue, which we say should go into tax reduction.

The risk with combining the operating and summary budgets is that the substantial new revenues from moving hydro to a smart-green pricing model will be wasted on maintaining Manitoba's Bulgarian-post-office-on-steroids model. In other words, smart-green revenues will postpone and delay inevitable straightforward policy reforms on the operating side of government.

For the most part the complex amendments, you know, I've scanned the legislation. A lot of work has been put into this draft piece of legislation. GAAP accounting is important, and it is a key move in moving Manitoba to a higher performing public policy framework. It's to the advantage of the government and its political leadership to maintain a more rigorous balanced budget law by balancing the operating budget every year. Again, I think this side of the room is going to be under enormous pressure shortly when the perfect storm really starts to hit.

Combining the operating and summary budget opens the lid on some intriguing policy issues around Crown corporations which we have been reluctant to address. In the name of high performance public policy we should be operating these assets in a less political manner. They should pay proper costs of capital and not receive tax and other hidden subsidies. They should lose their monopoly so that there is pressure on them to be more efficient and customer focused.

It's common for people outside Manitoba to buy car insurance from competing providers on the Internet. At some point that will happen here. In Hydro's case, we would see an explosion of green-power industries if we removed the strange dustbowl era power subsidies that we are providing in the domestic market.

There is a huge risk that Hydro's expanded power revenues will be wasted again on these old public policy models which are only being sustained by lots of money and lots of transfers. Ultimately, the problem of mixing volatile revenue streams from commercial enterprises that are not inherently governmental in nature can be fixed by operating them on a completely commercial basis. In this situation there is no public policy reason to continue government ownership, and, logically, where it goes is that they should be privatized.

Let me conclude with this. A future reform that would guarantee the most robust and high-quality policy model for Manitoba would be to complement the circuit breaker on the taxing side, which is referendums on tax increases, with a circuit breaker on the spending side, that would be referendums on spending increases beyond a very reasonable benchmark of economic growth plus population growth. Again, this is the ultimate protection against the iron triangle and the low performing public policy models they thrive on.

With that point, I'm open to a few questions.

**Mr. Borotsik:** Thank you, Mr. Holle. You certainly bring a different perspective to the table. There's no question about that. I do appreciate it. It's a position that makes people think. I do appreciate that.

I'd just like you to expand a little bit on your last comment about, the percentage increases of any budget spending should be held to CPI plus population growth. Have you done the calculation? What would that have meant in spending increase for the last fiscal year and this fiscal year?

**Mr. Holle:** I don't have a specific number for you, but the record over the last several years has been that spending is increasing faster than the economy, faster than population growth.

There is a very well developed theory around the optimum size of government. It simply says that if the government is too small you don't have a lot of growth; if it's too big you also don't have a lot of growth. There is a sweet spot in there where you have basically the best economic growth, the fastest growth of living standards, the ability to generate wealth to pay for public services. We are far above that optimum size in Manitoba. That's why, relatively speaking, we're kind of condemned to being in a have-not twilight zone in perpetuity, really.

**Mr. Borotsik:** On the summary budget, as a matter of fact, the numbers that I have in front of me right now, in the '07-08 forecast, because we don't have the financials done yet, obviously, the net income of government business enterprises, which includes MPI and includes Manitoba Hydro and includes MLCC and the rest of them, the number for that in the past fiscal year was \$858 million. Yet the summary net revenue—okay, listen very carefully to the numbers. The net income of government business enterprise was \$858 million, yet the summary net revenue was \$329 million.

What does that say to you?

**Mr. Holle:** Well, it—[*interjection*]

**Mr. Chairperson:** Please ignore the bells. The House is being summoned, but we don't have to leave.

**Mr. Holle:** There's a good saying around government accounting, a lot of it is sort of black magic and hocus pocus. I can't really address that, Rick.

**Mr. Borotsik:** Thank you, Mr. Holle. I just thought the number—well, I've had the numbers before but there was a correction, and basically the expenditures were \$11.8 billion with revenues of \$12.1 billion. There was \$858 million of that revenue that came out of the government business enterprises, so there was about a \$500-million shortfall there, and we have to find out where that was. So I'm sorry I put you on the spot. Those are numbers that you should have in front of you.

A summary budget such as this, which they're asking for, a summary budget on a four-year rolling average, that you have to balance on a four-year rolling average, in your opinion—and you've talked about the bureaucracy and about civil servants—what kind of a message does that send when you don't have to balance an operating budget on an annual basis but you do have this four-year rolling average? Does it send a specific message, in your opinion, to the departments and the bureaucracy?

**Mr. Holle:** Well, again, I'm not against the bureaucracy in government. I think that the system is structured so that the incentives clearly are there to simply pour more money into old models. The advantage of having a tighter restriction on government through a tighter balanced budget law is that there are very straightforward reforms that could be done throughout the public sector which would increase efficiency quite dramatically. Our health

system, you know, up till last year was about the most expensive in Canada, and yet we still have terrible waiting lists and so on.

Just as an example, you could copy Tony Blair in England and you could bring in a purchaser-provider split, bring in competition, have the government buying from competing public and private suppliers, and you'll see very dramatic efficiencies.

So the advantage to the government, especially on this side, is to say, look, our hands are tied. We have to live within this legislation. We're going to have to try moving away from the Bulgarian post office model on steroids. That's the missed opportunity here. I fear that there will be slippage, of course, and you're going to have clearly what is an archaic obsolete public policy model here, run for interest groups, run for provider groups, not run for the consumer, that they're just going to continue getting lots of funding.

Much of it has come out of transfer payments. I suspect the transfers are going to start to come back or be cut back quite dramatically, and I don't think the government here is at all aware of what's coming.

**Mr. Chairperson:** Last questions from Mr. Gerrard.

**Hon. Jon Gerrard (River Heights):** I just would ask you to expand a little bit on the comment that you feel that the present federal government is likely to cut back or change equalizations and that Manitoba will have the effect of the collateral damage from this.

**Mr. Holle:** If you look at the Ontario economy, Mr. Chair, it is getting hammered. They're closing auto-manufacturing facilities there. They are paying high energy prices.

I know very well from some very good contacts there at the very highest levels that Mr. McGuinty is looking to see dramatic change. If you follow some of the writing in the press, he's actually mused about we're all have-provinces now; it's time to get rid of equalization.

\* (21:00)

I look at the political weight of Ontario versus Manitoba and I've, frankly, advised them that getting rid of equalization in the long term would be a good thing for Manitoba because, again, we're propping up all these bad public—well, mediocre public policy models, and I don't mean that in a bad way. I think it's a very big risk for Manitoba and people are not

aware of it. What's going to happen by loosening up on the balanced budget laws, you're going to move into deficit and then you're just going to postpone it. A year down the road you're going to have to start, as an election comes, to make some tough choices.

So we should just make the tough choices now. I think those tough choices can be made in a positive way that benefits everybody. We'll have better services, we'll have more efficient government and, frankly, I think it's a winning thing for any political party that runs on better government. We're still stuck way back in the 1970s. You know, go out copy Tony Blair, copy Sweden, copy all the socialist governments in Europe that are bringing new thinking into the public sector. We have a public sector here that is living on transfer payments. Those transfer payments are going to start to fall and, you know, it doesn't matter what you do with the balanced budget law, you're still going to have to confront the fact that the world is really changing quickly.

**Hon. Greg Selinger (Minister of Finance):** I was going to propose leave for an additional question for the Member for Tuxedo (Mrs. Stefanson), who had her hand up earlier.

**Mr. Chairperson:** Is there leave for Mrs. Stefanson to ask a short question? *[Agreed]*

Mrs. Stefanson, with a short question.

**Mrs. Heather Stefanson (Tuxedo):** Well, I'd like to thank the Minister of Finance for giving me leave, and from members opposite, that's great.

Thank you very much, Mr. Holle, for your presentation this evening.

One thing that struck me that I was not aware of, in fact, that back in 1995 you were consulted at the time, I guess, as part of the taxpayers' federation of Manitoba on the balanced budget legislation. You brought forward various ideas with respect to the legislation, the model that was done at the time. I know we have had several presenters at committee over the past several evenings on this bill who have played an integral role at drafting that piece of legislation and that law.

I'm wondering if you could indicate to us, were you at all consulted, you know, based on your past experience with having been involved before, were you at all consulted in your organization, asked for input into these proposed amendments?

**Mr. Holle:** No, we weren't. To be fair, we don't make a practice of, sort of, consulting with governments. I did meet with the Auditor General, and I do understand some of the issue here probably better than a lot of people related to GAAP accounting, and we're big promoters of GAAP accounting. I think the legislation the way it is has a lot of good stuff in it. Again, I think it's to the advantage of both sides here to simply have the operating side balanced on a yearly basis. You know, a lot of work's been put into this, and I read the report from Deloitte & Touche, or whoever it was.

So, you know, I don't think it's the complete disaster that a lot of people think. I think it can be tweaked in a way that is to the benefit of Manitoba, period. I think Manitoba has to move on. Again, the original thinking behind the balanced budget law was that it would create a pressure for new thinking, and that was short-circuited by a huge increase in transfer payments which simply went into old models. Here we are, rather than reforming and rethinking how the government operates, you know, we're another 16 years down the road and we're still operating with a 1970s public policy model.

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

**Mr. Leonard Derkach (Russell):** May I have leave for a question, please?

**Mr. Chairperson:** Mr. Derkach has asked for leave for one question. Is there leave of the committee?

**An Honourable Member:** That is really pushing the envelope. One more time.

**Mr. Chairperson:** Is there leave of the committee? *[Agreed]*

Mr. Derkach, for one short question.

**Mr. Derkach:** Thank you very much to the committee.

Mr. Holle, after reviewing the amendments to this legislation, you said there were some good things in the amendments. What advice would you have for the minister in terms of the bad things that should be taken out of the amendments to make this truly a better amendment to follow GAAP to begin with, and, secondly, to allow Manitoba to move ahead?

**Mr. Holle:** I would just continue the requirement that the operating side be balanced on an annual basis. I think it's to the advantage of the government again to have a tough piece of legislation. They have

to make some hard decisions, and having this in your back pocket is something I think would help them in confronting some of the hard choices that have to be made.

We've written at great length at Frontier Centre on how to reform government and how to get much higher value from existing spending. Manitoba has a huge opportunity to have better services at less cost, particularly in health care, and what is stopping it is that the system is now biased towards the status quo and to pouring more money into old models.

If you look at the history of reform in other places like England or New Zealand or whatever, what has always happened is there's been a fiscal crisis and there's been a very large re-think of government and generally those things have been very positive. I think Manitoba is overdue for that.

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

The next name on the list is Jack McLaughlin. Jack McLaughlin. Jack McLaughlin's name is dropped to the bottom of the list.

Jacqueline Stalker. Jacqueline Stalker. Oh, that should've been deleted. We heard from her.

Doreen Bilodeau. Doreen Bilodeau. That name is dropped to the bottom of the list.

No? Okay. Jack McLaughlin is actually deleted; Doreen Bilodeau is deleted; Jacqueline Stalker is deleted.

Brent Olynyk. Do you have a written presentation?

**Mr. Brent Olynyk (Private Citizen):** No, I'm just going to present.

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

**Mr. Olynyk:** My name is Brent Olynyk. I have lived in Winnipeg all my life. I work for the City of Winnipeg. I also attend university at night in the Master's of Public Administration program. So I've been studying lots of legislation and lots of comparisons with other jurisdictions.

Before I start, I'd just like to thank all the people around the table for the public service that they do for this province.

In 1995, Manitoba's balanced budget law was introduced by the Progressive Conservative Party to ensure that the government lived within its means. It required a referendum before taxes were increased, reduced salaries for Cabinet ministers who ran

deficits and put in place measures to prevent governments from increasing debt. Its strength was heralded across Canada.

So I believe that in 1995 the government put the province and the people before itself. Now I believe Bill 38 eliminates that requirement that the Province balance its operating budget annually. My fear is that, if we're not balancing our budget annually, we could lose accountability, and we could find out things further down the road. So where we have financial instability or financial problems, we won't find out in time, and it could be two, three or seven years down the road where we find that we have problems because we're not balancing our budget every year. So that's my greatest fear.

\* (21:10)

I see this in business all the time where senior managers realize that it might be better to offset bad news, and they could be gone. So I fear, with the government and elected officials, sometimes when they're caught between a rock and a hard place, they may be better off to make decisions that will defer bad news to later and, you know, maybe the most important thing is just get elected again. That's a fear I have.

Mr. Chair, Bill 38 compromises the economic accountability of the government by terminating Manitoba's landmark balanced budget legislation, allowing the NDP government to run deficits year after year leaving an even bigger mortgage for our kids and grandkids.

I have a 10-year-old daughter at home. My greatest fear is that she'll be leaving the province. I often talk to people with children older than mine, and, as a matter of fact, this weekend I'd seen a fellow I'd worked with 20 years ago. It was at a wedding. I asked him, where're your kids? I want to see your kids. They've got to be 22, 23. This fellow was a rural Manitoban. He was a real family man, and he looked at me quite sadly. He said that his kids didn't live in Manitoba any more. One was in Vancouver and one was in Ottawa. They had to leave the province to find better jobs and to have a better life. This is a story that I'm hearing more and more from people at work, from people at church, from people in the community.

Boy, where are your kids? What are they up to? Another fellow has three daughters. They're all in their 30s and none of them live in this province. I believe that if my daughter leaves this province, that

leaves my wife and myself, and that could be a challenge.

Permitting the NDP to cover up their losses by increasing your hydro and Autopac rates: I'm constantly hearing people refer to Hydro as Manitoba's oil. When I compare, at school, at the University of Winnipeg, if I compare Alberta to Manitoba or Saskatchewan to Manitoba, I get the, you can't compare Manitoba to Alberta. They have oil. Saskatchewan has oil now, so we can't compete with these provinces. We're becoming a have-not province. This is from younger students, 19, 20, and 21 years old, and I think the message we're giving them is a message of, geez, we're defeated already. Let's just depend on the federal government and all the other provinces. When we're down to just a few provinces that are have-nots and we're almost leading the pack, to me it's a sorry sight and I believe that we're not doing our job. Maybe this is the time that we need to turn this province around.

Bill 38 also allows the Province to include income from Crown corporations as they balance their books, opening the door for the government, the NDP, to use WCB, MPI and Manitoba Hydro for balanced budget calculations. I have a fear with some of these Crown corporations that they're sucking the life out of the consumer. I often see ads for MPI spending the taxpayers' hard-earned money, and I wonder why MPI has to spend money on baseball hats, prizes, those types of things, when they're the only person in the business. There's no competition. Why do they have a big marketing department? So not only are they sucking the consumer dry there with taxes, the government is going to get even further dollars off of them.

The amount of Crown income that the Province will be able to use to balance their books is staggering. There was \$958 million in net Crown income in '05-06 and \$703 million in '06-07. Giving the Province the ability to overspend by almost a billion dollars a year could lead to huge rate increases for MPI and Hydro and a legacy of debt for the next generation. So I believe my legacy for my family, not only for my daughter but for all the kids in my community, is going to be staggering debt.

There's even a point where generations before us have left us with staggering debt. I look at the federal government and the legacy that was left for us—challenges there. It's time to turn this around. I believe, in 1995, the PC Party attempted to do this.

We're just not following that trail; we seem to have turned around here.

The government's track record on raiding Crowns is well known to Manitobans. In 2000, they tried to spend \$20 million of our MPI money for items that should have been included in their operating budget. We're also seeing MPI money and Hydro money going to places I don't believe it should be going to. Without a balanced budget, we're losing a sense of accountability. I believe in the matching principle where we match expenses with the year they're incurred. If we're not balancing the budget, we could defer those.

After opposition and public outcry, the NDP has retreated from spending their money on rebates to drivers. In 2002, the NDP raided \$203 million from Hydro, money Hydro had to borrow to balance their books. Every time that we go to Hydro, we're preventing them from doing a good job. This corporation should be a strong corporation; it has to make decisions based on what the government is doing. I believe that a lot of decisions they're making is what's at the table on Broadway.

All Manitobans should be worried about this legislation. Not only does it remove financial accountability, it paves the way for the NDP to drive us further into debt and raise our Autopac, Hydro and WCB rates along the way.

There is a good thing about Bill 38. Bill 38 ensures the government uses generally accepted accounting principles which, again, meets those policy criteria. I believe GAAP should have been addressed long ago, so I salute the government for doing that and moving to that direction.

That's my presentation for tonight.

**Mr. Borotsik:** Thank you, Mr. Olynyk, for taking the effort and time to come down and make a presentation and share your opinions with the committee.

You had indicated that you agree with compliance with GAAP; we all agree with compliance with GAAP. Complying with GAAP and a summary station, is it in your opinion it precludes the government from balancing an annual operating statement—revenue in, expenses out?

**Mr. Olynyk:** No, I don't believe that. I believe it's kind of contradictory because we're moving towards GAAP principles, and then we're not balancing our books. I don't understand—at this point in time,

Manitoba's a steady province. I've studied that, in boom times, Manitoba's steady but, when there's a bust and there's a downturn in the economy, even recession, Manitoba citizens don't take it as hard on the chin. Also, in a boom time, things aren't as great here for us as in other provinces.

I can't understand why we wouldn't balance our budget. I believe Manitoba has to be more conservative, be more aware of where their money is going. Once again, I have to state that, being a civil-servant type, I've seen decisions made—four or five years down the road, we're paying for decisions we made five years ago. Then, when we try to hold people accountable, they're gone.

They're quite aware that they're doing this. I believe it's no different on Broadway here, that decisions will be made to defer bad news or to even hide bad news that will come out years later. It'll be too late to do anything and we're going to be stuck.

**Mr. David Faurshou (Portage la Prairie):** Thank you very much, Mr. Olynyk.

The figures that you related to the committee in regard to Crown corporations' income, that figure was of a net income to the Crown corporations and that was inclusive of all Crown corporations for last year and the year before.

\* (21:20)

**Mr. Olynyk:** Yes, that was the number. I had seen a presentation on a paper; it was footnoted and that's the numbers that they gave me. I was flabbergasted when I saw those numbers. I couldn't believe it was going on. So it's a two-headed dragon here; not only are we raiding our Crown corporations, we're also sticking our hands out and going to the federal government.

I don't care who's in power in the federal government, when the tide turns, and it will, when the tide turns and some of that money isn't available, or a lot of that money isn't available, we're going to have a tough time. So these are good times and we're counting already on Crown corporations, federal government. I really don't believe that we're doing our job on Broadway. I mean, someone has to sit me down and explain this to me on why we're not standing on our own two feet.

I'll tell you what. In my own personal life, many times, just like all of us, there are good times and bad times and we all have our burdens to bear. Many times, financially, when I've faced, when I was

younger, and you face financial crisis or something unexpected happens to you, in my personal life I've had people offer me, family, my 80-year-old mother would say, listen, I'm going to write you a cheque and help you out here. I'm saying, no way. I'm too proud to do that. I'm going to stand on my own two feet. I've got myself into this situation. Why do I get myself into this situation? Well, in this day and age, the consumers and governments like to spend. We all like bigger and better things. We're always looking for newer things to do. But I'm too proud to do that. I'll tell my own mother, no way, I don't want your money.

I don't understand why this government's going to Crown corporations and taking money off them, or to the federal government. When are we going to stand on our own two feet? When are Manitobans going to be proud? When are the students at the University of Manitoba or on Portage Avenue, when are they going to be proud and go read papers that hold this province, this province that used to be—in the early 1900s, Winnipeg was the gateway to the west. It was the Chicago of the North. What do we have to be proud of? These kids are leaving the province and part of it is perception because they believe there's somewhere better to go, and they're not just going to Alberta and Saskatchewan anymore, they're going to the east coast. Guess what? They're going to Newfoundland.

**Mr. Chairperson:** We have time for one short question from Mr. Derkach.

**Mr. Derkach:** Thank you, Mr. Chair, and I'll try to make it as short as possible.

Mr. Olynyk, thank you for your presentation.

You know, we are where we are. We can't change that, and we can point fingers and we can say, if you'd done this, we would be here, and our students would be here and our young people would be here, but we have to move on from this day. Legislation that was introduced here, I think, is an attempt by the government to make sure that down the road they can stand up and say, well, we are accountable and we've changed the accounting system here and the way we report to the public. But underneath all of that, is going to be the ugly reality of a debt that our kids are going to have to pay for. Your 10-year old daughter is going to be one of those Manitobans, if she stays here, that's going to have to pay for that debt.

If there was one thing that you could change in this legislation, the amendments to this legislation that are before us, what would it be?

**Mr. Olynyk:** I would balance the books. I would continue on with the balanced budget on an annual basis. If we're going to be paying the interest charges on debt, even though interest is low. Our health-care charges are skyrocketing. There are things that are out of control. Prescription drugs are drastically booming out of control, those costs. We're going to have a challenge in front of us on health costs in this province. You compare our province to other provinces, the demographics here are older people. Older people are going to drain the health-care system. It's happening across the country, but it's really going to hit Manitoba hard.

So, when we're going to have to be paying health costs plus debt charges, I think you're going to see, at some point, 30 to 35 percent of the revenue that government earns is going to be paying for debt that they've incurred or even higher. I don't believe that this province is going to be able to do it.

**Mr. Chairperson:** Thank you, Mr. Olynyk, for your presentation.

The next name is Louise Mydinsky. Louise Mydinsky. Louise Mydinsky's name is deleted from the list.

David Enns. David Enns, do you have a written presentation?

**Mr. David Enns (Private Citizen):** No.

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

**Mr. Enns:** I would like to start by saying thank you for letting me speak here tonight. You've heard me another night. I'm not just here to waste 15 minutes of your time. I'd actually like to make my opinions heard.

The second point I'd like to make, I'm not an accountant; actually started in accounting at university and hated it; went to engineering. So none of what I say will be based on any knowledge past what I've learned from my sister, who is an accountant.

Next thing I'd like to say is every Manitoban does have to balance their books. If you don't, you don't own anything. If you buy something on a credit card, you have a mortgage on your house, or you still owe payments on your car, you don't own them. So if you're in debt as a government, I believe you don't

own anything. If we're going more in debt by \$1.5 million each day, you don't own anything; you haven't helped anybody. Your little Amex card has, but you haven't. So when you say you've given this many millions of dollars to this program or this corporation, you haven't so far, unless you can take it out of your budget that has been given to you by taxpayers and actually pay for it.

So, another point I'd like to make, as an engineering student and a future graduate, Manitoba Hydro will be a serious job opportunity for me. It's a huge corporation that's always going to be around. We'll always have rivers and lakes and water and hydro-electric power, so when I hear that the government has raided \$203 million from Hydro and is not letting them grow and prosper and be the company they could be, I see that as a serious threat to my future specifically. Where I see Alberta has a whole lot of oil, the tar sands, they are paying people—this is just hearsay by the way—people at Tim Hortons \$17 an hour to work, I see that as a serious problem.

So when their profits from Manitoba Hydro and MLCC and Autopac will be taken into your summary budget, again I say, that's a serious problem for my future specifically. Where Manitoba Hydro if it was allowed to act on its own, which its accountants and its engineers have been trained and born to do, if it was allowed to operate that way, it would be much better off. We'd have more power to sell. We'd have more for Manitobans. It would be cheaper for Manitobans so that if their power was cheaper, you could raise taxes and they'd still be just as good off. So I'd just like to say that.

Another point on this is if Bipole III was put down the right—down the west side of the lakes, you'd have that much more money to take from Manitoba Hydro. So if you'd like it, earn it that way.

Another thing with the Crown corporations, this isn't your money to take or include in your budgets. They earn it. They work for it. They employ people that make this money for them and for them to grow, so when you include their profits in your budget, it's not your money. It's like me taking my sister's full-time wage and saying, look, I'm not in debt, full-time student bought a car and I owe nothing; in fact, I'm very far into the green, whereas I'm not at all. I have a very limited budget being a student, actually.

I have a friend who, as a just brand-new graduated CA—he just passed his UFI or his universal

final exam and so if anybody does know the generally accepted accounting principles that are currently up to date, it'll be this guy. So I asked him. I said: Does GAAP ever justify including profits of a sister company or corporation such as Hydro or the university in your budget? Is it ever in there? The only word he said was no, plain and simply, no. It's nowhere in there. So, when they say they're pushing this bill through under the guise of GAAP, they're just covering up excessive spending with fancy words. He explained this in much more high-tech, we'll say, terminology than I could understand but he put it down in layman's terms and just said no, it's not in there. He said it's a great principle to go by GAAP, but it doesn't apply to running a four-year rollover budget and taking other people's profits to include in your own. He actually gave me the example of using my sister's budget to cover my debt.

Another thing he pointed out was that Crown corporations should be running themselves. They know how to do it and they shouldn't be used to balance your budgets. This is misleading to people who don't understand that money from these Crown corporations is not to be used by government programs. It's just a number to cover up your spending, even if you don't spend their millions of dollars of income, you're covering up your spending by saying this is money we have and it's going to cover this spending when you don't have it and you still spend money.

\* (21:30)

I'd ask the government why it must keep lying to Manitobans in this way. I specifically heard the Minister of Science and Technology (Mr. Rondeau) say earlier today in question period that we in Manitoba are producing hydrogen buses. Well, that's true. We're producing hybrid and hydrogen buses at New Flyer Industries. Yet I've only ever seen one on the Route 60 from university to downtown, one hybrid bus on the streets of Winnipeg. So, if we're making them all, why aren't we using them? Why aren't we spending all this money you're going to be taking from other people on things that could be helping our city—well, this city and this entire province.

It's baffling to me that you're going to take this just to cover up spending that you can't be accountable for. An example I'll give on a much smaller scale is if any of you bought a brand-new car, say it's a Ford Explorer for \$50,000—which they

run at these days—you put a \$20,000 down payment on it and you didn't pay a dime on it for three and a half years after that, you wouldn't own the Ford Explorer anymore. It wouldn't be yours to drive or use. It wouldn't be there.

So, if after four years you haven't paid a dime on anything, you've run incredible deficits, what's going to happen to this government? Absolutely nothing. They'll say, oh, we're farther in debt, and the interest will go up more and more and more, and it'll be me, my kids and their kids later on that are going to pay for this.

I'd just like to say I think the government should be accountable every year like every Manitoban. I don't see why you would ever think this is something you could change.

That's all I have for tonight.

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

**Mr. Borotsik:** Thank you, Mr. Enns. I really appreciate you coming out on a late evening and a summer evening, particularly.

Your presentation was given as an engineering presentation, not an accounting. You could still think of going back into accounting, I suspect, at some point in time, but stay in engineering. I know a lot of my son's friends are engineers and they're doing very well in different areas, but, unfortunately, they're not doing it in Manitoba.

The analogy between your sister's income and taking it into your income is a great analogy because that's exactly what Bill 38 does. It looks at taking in all of the Crown corporations or government entities, if you will—and there're numbers of them—bringing in their revenue on an annual basis and showing it in order to balance. Really, the government can really not do anything but balance unless there's a major natural disaster, and they've got that covered off, too, because they've got a clause in there that says if there's a natural disaster they don't have to balance their budget.

As a young man, you, obviously, if you stay in Manitoba, are going to be responsible for the debt that has been incurred by this government. In your own opinion, what would you rather see the government do, spend more money or be more efficient in spending it or retire some of their debt?

You're a young kid. You probably have a little bit of debt in school right now. But those three options—spend more money, spend it more efficiently

or retire debt—what would you do if you had that option?

**Mr. Enns:** I'd like to see all three, actually. If they spend more money, spend it on something good: health care, which is the one everybody's going to say. There's justice, another one everybody's going to say.

I'd like to see them reduce their debt. I think everybody wants to see their debt reduced. It's not something everybody likes; and spending it more efficiently. If we do have surpluses in some areas, spend it on something else.

But, again, I'll say I'd like to see all three happening but in appropriate amounts.

**An Honourable Member:** Good answer.

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

Oh, Mr. Faurshou, I apologize. You are on the list.

**Mr. Faurshou:** I would very much like to thank you for your patience and sitting through a number of other presentations and being here this evening, a credit to your character that you have thought enough of this proceeding to invest your volunteer time.

The observations that you have made tonight are extremely accurate. I've used the family analogy on a number of occasions, whether it be a daughter or son. It is exactly as this is playing out to be. With Manitoba Hydro, I'm pleased to see that you are looking to that corporation for a career. It can, indeed, be the pride of all Manitobans as it goes through there.

Just indicating some of the facts that you brought here, do you see, then, if this legislation goes through, how it might impact directly on you as a Manitoban who wants to stay in Manitoba?

**Mr. Enns:** I'd like to start by saying I'd love to stay in Manitoba no matter what happens. I do love this province and most things in it.

It affects me directly because, well, my income tax will go up, my Autopac will go up, which is already high for someone being 19 owning a car, I'll say. Nobody likes to pay it, but it's expensive. It's going to impact me. Fees will go up. I'll cut back on other things, and I won't notice a huge difference. But if you look at the population as a whole, we're all

going to notice the slight difference, and we're all going to be a little worse off because of it.

**Mr. Chairperson:** Seeing no further questions, thank you very much.

We'll go back to our list. Next is Ken Lee. Ken Lee. Ken Lee's name is dropped to the bottom of the list.

Now we have a bunch of names to be called for the second time, and if they're not here, their names will be deleted:

Scott Hayward. Scott Hayward. Scott Hayward's name is deleted.

Nancy McDougall. Nancy McDougall. Nancy McDougall's name is deleted.

Clyde Bramadat. Clyde Bramadat. Clyde Bramadat's name is deleted.

Richard Benoit. Richard Benoit. Richard Benoit's name is deleted.

Jack Carroll. Jack Carroll. Jack Carroll's name is deleted.

Stefan Paszlack. Stefan Paszlack. Stefan Paszlack's name is deleted.

Adam Cunliffe. Oh, I'm sorry. Adam Cunliffe, welcome. Do you have a written presentation?

**Mr. Adam Cunliffe (Private Citizen):** No, I don't.

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

**Mr. Cunliffe:** Okay. I'm here obviously to speak on Bill 38. Just from what I've been reading in the newspaper, it hasn't been a very well covered topic. I don't think a lot of Manitobans have been informed on what it truly is. Like was said before, when the first balanced budget legislation was brought in, it was consulted to the general public in an election.

This time around, we're a couple years off from an election and people don't have the same chance to consult the politicians on what they really think about this. I believe because of the lack of presentations, especially in the media, that I would be surprised if one-fourth of Manitobans even know that this bill is being presented in front of the Legislature. So over half the population of Manitoba votes in elections and not even all of those people even know what's going on.

So I think for something this major it should be something that's more accountable to people, especially the most troubling part for me is the

four-year rolling average for this legislation. This can go over half-way through an election meaning that some people in the government can be voted out of office and they are not accountable to their actions, giving a totally different government in power.

Another thing with this, I believe I heard—I'm not sure what the source is—that this was the first year that all provinces had a balanced budget this year. If we do have a four-year rolling average, when we're asked, do we have a balanced budget, we'll say, we'll get back to you in four years. So if all these other provinces are running on a one-year fiscal period, we're going to be the odd one out to not be able to have the same level of accountability.

With having to steal—steal may be too hard—but taking money from the Crown corporations to balance the budget, I think that they're set up as Crown corporations for a purpose, to be self-contained entities that use this money to grow and prosper. Hopefully, the side benefits from them will stimulate our economy instead of having the money taken from them so that they are constantly running at an underfunded level. So I think that these are some things that should be considered before this bill goes any further.

\* (21:40)

**Mrs. Stefanson:** Thank you very much, Mr. Cunliffe, for your presentation this evening. I think it's great of you to be here on a Thursday evening, it's about 20 to 10 now, and giving us this presentation. You obviously feel very strongly about the way you feel in this bill in order to be here this evening. So thanks for that.

You mentioned, of course, this bill does not require the government to balance its operating budget on an annual basis and how does that sort of affect you long term, if they start to run deficits and increase the debt in our province? Is it a place where you as a younger Manitoban want to spend your days, or will you consider looking at other provinces, that maybe where there's more opportunity and not a legacy of debt left for you?

**Floor Comment:** I think—

**Mr. Chairperson:** Sorry. I have to recognize you, Mr. Cunliffe.

**Mr. Cunliffe:** Yes, I think that is definitely a consideration for me. If our province's debt is increasing and there is no strict-keeping the high

level of accountability in the balanced budget legislation, and our province continues to grow its debt, it might not be as enjoyable a place to live as it currently is. I did leave the province for university and I almost stayed out of the province. I decided because of my family and because I do like it here, I did come back but there is only so much that I can take before I might have to consider going back.

**Mr. Faurischou:** You did mention that you understand that we are perhaps the only province in Canada this year that will not balance its operating budget. I'd be interested in your feelings when you, as a Manitoban, when you learned of that fact.

**Mr. Cunliffe:** I thought, as a Canadian, I was proud that all our books across the board are finally all in check. Newfoundland was obviously behind for the longest time and now they are really surging and prospering now under the current system. To hear that we are trying to lower the bar in order to—it seems like we're just clawing to keep on that list. There's got to be a reason why we're changing the bar from being here to down here. Is it just to stay on that list, and saying, okay, we still have balanced budget, our economy's doing fine. Because if that was the case, you'd figure we could just leave the bar where it is because it seems to have been working fine for the last 12 years we have had the balanced budget legislation in. It's had accountability to the politicians. If we do fall off that list I really think that that would be a huge strike against the morale of the people of Manitoba, showing that we have the weakest economy in the country.

**Mr. Faurischou:** I think there'd be a lot of Manitobans feeling the same way. You did also state that in discussing this issue with others, you were quite alarmed to find that few others here in the province really know about the proceedings of the Legislature and especially as it pertains to the Bill 38. What would you say to government to change that fact?

**Mr. Cunliffe:** For an issue that's like this, because it was brought in on an election, I think that this should be an election issue that is brought to the people of Manitoba. If Manitobans really wanted a four-year rolling average and having their Crown corporations being used as tools to raise their taxes, then I think we should have a chance to vote for that, instead of having it brought in three years before an election and by the time—public knowledge over a three-year period is often forgot about. Something this

important should be at the forefront of public consultation.

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

Oh, Mr. Selinger.

**Mr. Selinger:** Thank you for your presentation, Adam.

I just wondered if you were aware of the fact that there was a consultants' study done of what changes needed to be made to the legislation to comply with GAAP. It was called the Deloitte & Touche study. It was published last spring. It's on the Web site. The recommendation for the four-year rolling average was in that study. As a result of that, in our spring pre-election budget we said we would be changing balanced budget legislation to bring us into compliance with GAAP. Were you aware of that?

**Mr. Cunliffe:** I was aware of the—not in full detail. I did read over it very briefly. I just didn't think it was presented entirely. I had to really search to find that little bit of information. It was only a tidbit in the *Free Press*, so not fully been consulted about that.

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

The next name is Nataliya Hryshko. Nataliya Hryshko. That name is dropped, or deleted, I mean.

Marni Larkin. Marni Larkin. Marni Larkin's name is deleted.

**Mr. Faurschou:** Mr. Chair, I know we're going to go through this extensive list here and probably lose some individuals, but you just made note of Ms. Hryshko, and I was present when she made her presentation to the Justice committee as it pertained to Bill 37. Absolutely outstanding young woman, recent Canadian. She has exams, and I'm wondering whether there's consideration of the committee to leave her on the list.

**Mr. Chairperson:** I would recommend that you talk to the critic and the minister because there may be agreements or negotiations you're not aware of. I would prefer that you talk privately to them first. Is that agreed?

**Mr. Faurschou:** I appreciate the Chair's counsel, and I also appreciate the opportunity to make mention of Ms. Hryshko and her new Canadian status and fresh eyes on the government's policies.

**Mr. Chairperson:** Thank you, Mr. Faurschou.

Destiny Watt. Destiny Watt. Destiny Watt's name is dropped to the bottom of the list.

Jim Moore. Jim Moore. Jim Moore's name is dropped to the bottom of the list.

Sheila Michalski. Sheila Michalski. That name is dropped to the bottom of the list.

Henry Enns. Henry Enns. Henry Enns's name is deleted.

Rudy Derksen. Rudy Derksen. Rudy Derksen's name is deleted.

Clyde Huff. Clyde Huff. Clyde Huff's name is deleted.

We will now go back to page 1. Now we are reading names for the second time. If they're not here, their names will be deleted.

Boris Gavrailoff. Boris Gavrailoff. That name is deleted.

Jeff Plantje. Jeff Plantje. Jeff Planje's name is deleted.

Robert Waddell. Robert Waddell. That name is deleted.

No. 25, Patrick Hiebert. Patrick Hiebert. Patrick Hiebert's name is deleted.

No. 36, Ken Lee. Ken Lee. Ken Lee's name is deleted.

Nataliya Hryshko. Nataliya Hryshko. She's already deleted, I'm sorry.

No. 46, Destiny Watt. Destiny Watt. Destiny Watt's name is deleted.

Jim Moore. Jim Moore. Jim Moore's name is deleted.

Sheila Michalski. Sheila Michalski. Sheila Michalski's name is deleted.

What is the will of the committee?

**Mr. Borotsik:** I wonder if I could ask leave, or better yet make a motion that committee recess until the call of the Chair, the reason being is the time line is unknown at the present time, so I would leave it to the Chair to recall the committee upon any notification.

**Mr. Chairperson:** Is it the will of the committee to recess and reconvene at the call of the Chair? [Agreed]

Committee recess.

*The committee recessed at 9:50 p.m.*

*The committee resumed at 10:43 p.m.*

**Mr. Chairperson:** Excuse me, will the Committee on Legislative Affairs please come to order.

Does the minister responsible for Bill 38 have an opening statement?

**Mr. Selinger:** I will decline that in the interest of efficiency.

**Mr. Chairperson:** We thank the minister.

Does the official opposition critic have an opening statement?

**Mr. Borotsik:** The official opposition has a 20-minute statement on this particular bill, but will decline at this point in time and make the statement at some other juncture.

**Mr. Chairperson:** We are grateful to both members.

Clauses 1 and 2—pass.

Shall clause 3 pass?

**Some Honourable Members:** Pass.

**Some Honourable Members:** No.

**Mr. Borotsik:** Just, on division.

**Mr. Chairperson:** On division, clause 3—pass.

Shall clauses 4 through 6 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clauses 4 through 6—pass.

Shall clauses 7 and 8 pass?

**Some Honourable Members:** On division.

**Mr. Chairperson:** On division, clauses 7 and 8—pass.

Shall clause 9 pass?

**Some Honourable Members:** Agreed.

**Some Honourable Members:** On division.

**Mr. Chairperson:** On division, clause 9—pass. [interjection]

Order. [interjection] I did not recognize either of these members. Shall clause—I'm losing control of this meeting.

Shall clauses 10 and 11 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clauses 10 and 11—pass.

Shall clauses 12 and 13 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clauses 12 and 13—pass.

Shall clauses 14 and 15 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clauses 14 and 15—pass.

Shall clause 16 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clause 16—pass.

Shall clause 17 pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, clause 17—pass.

Shall clauses 18 through 20—

**Mr. Selinger:** I'm assuming we've had an arrangement arrived at that was going to push this bill to the fall. Is that your understanding?

**An Honourable Member:** That is exactly the understanding.

**Mr. Selinger:** Okay. If that would be the case, then I would propose that clause 18, I would move,

*THAT Clause 18 of the Bill be amended by striking out "2008" and substituting "2009".*

**An Honourable Member:** March 31, 2008 to March 31, 2009?

**An Honourable Member:** I've just got 2008 to 2009.

**Mr. Chairperson:** It has been moved—

**An Honourable Member:** Yes, March 31.

**Mr. Chairperson:** It has been moved by Mr. Selinger

*THAT Clause 18 of the Bill be amended by striking out "2008" and substituting "2009".*

This amendment is in order.

**Mr. Selinger:** This simply accommodates an understanding that apparently neither the critic of Brandon West nor I have received final confirmation on, that this bill, by agreement, will be laid over for final debate until the fall, and that at the time it will be discussed in the fall is too late to make the summary budget application of this law retroactive for 2008, which is why I have to change the date.

**Mr. Chairperson:** Clause 18 as amended—pass.

Shall clause 19 pass?

**Mr. Derkach:** Just a question, and I haven't read through the clause, except I see the dates. Is there a requirement to change those dates as well?

**Mr. Selinger:** No.

**Mr. Chairperson:** Clause 19—pass.

**Mr. Selinger:** For clause 20(1), I have an amendment to reflect the rationale I just gave earlier about not being able to retroactively apply.

**Mr. Chairperson:** Excuse me, Mr. Minister, you need to read the amendment first and we'll explain it later.

**Mr. Selinger:** Okay, I move

*THAT Clause 20(1) of the Bill be amended by striking out "2007-08" wherever it occurs and substituting "2008-09".*

*Motion presented.*

**Mr. Chairperson:** Now you can explain it, and it's in order.

**Mr. Selinger:** As per before, the timing of the final discussion and passing of this bill makes it impossible to retroactively apply it to '07-08 under the auditing agreements.

**Mr. Chairperson:** Amendment—pass.

Clause 20 as amended—pass.

Shall clauses 21 and 22 pass?

**Mr. Selinger:** Clause 21, I would move that it pass, and then I have an amendment on 22.

**Mr. Chairperson:** Clause 21—pass.

We'll wait for the amendment on clause 22.

**Mr. Selinger:** I move

*THAT Clause 22 of the Bill be replaced with the following:*

**Coming into force**

**22** This Act comes into force on the day it receives royal assent.

*Motion presented.*

\* (22:50)

**Mr. Selinger:** That simply allows the flexibility to proclaim the bill at a time when everybody has agreed on it, it's passed and we can bring it into effect in an efficient and effective way in terms of the practical work that has to be done to implement it.

**Mr. Chairperson:** Amendment—pass.

Clause 22 as amended—pass; table of contents—pass.

Shall the preamble pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** Preamble—pass, on division.

Enacting clause—pass.

Shall the title pass?

**An Honourable Member:** On division.

**Mr. Chairperson:** On division, title—pass.

Bill as amended be reported.

The time being 10:15, what is the will of the committee—10:50?

**Some Honourable Members:** Committee rise.

**Mr. Chairperson:** Committee rise.

**COMMITTEE ROSE AT:** 10:51 p.m.

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