

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

Chairperson
Ms. Melanie Wight
Constituency of Burrows

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

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

Thursday, July 4, 2013

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Ms. Melanie Wight (Burrows)

VICE-CHAIRPERSON – Ms. Sharon Blady (Kirkfield Park)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Ms. Irvin-Ross, Hon. Messrs. Lemieux, Mackintosh, Rondeau, Struthers

Ms. Blady, Messrs. Cullen, Pedersen, Mrs. Stefanson, Ms. Wight, Mr. Wishart

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

PUBLIC PRESENTERS:

Ms. Allison Campbell, private citizen

Mr. John Morrison, Concerned Citizens of the Sturgeon Creek Watershed

Mr. Larry Baker, private citizen

Mr. Jim Riske, private citizen

Mr. Glen Melnyk, private citizen

Mr. Rodney Harder, private citizen

Ms. Lynne Fernandez, Canadian Centre for Policy Alternatives

Ms. Elfriede Kuenstler, private citizen

Mr. Norm Gould, Manitoba Teachers' Society

Mr. Keith Bazin, private citizen

Mr. John Loxley, private citizen

Ms. Shauna MacKinnon, private citizen

Mr. Harry Paine, private citizen

Ms. Trudy Turner, private citizen

Mr. Evan Thompson, private citizen

Mr. Peter Hudson, private citizen

Mr. Earl Skundberg, private citizen

Mr. Ed Huebert, Mining Association of Manitoba

Mr. Dave Sauer, Winnipeg Labour Council

Mr. Ken Guilford, private citizen

Mr. James Aisaican-Chase, private citizen

Mr. Kevin Perrier, private citizen

WRITTEN SUBMISSIONS:

Chuck Davidson, Manitoba Chambers of Commerce

Mickey Stanley, private citizen

Keith Thompson, private citizen

MATTERS UNDER CONSIDERATION:

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

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Deputy Clerk (Mr. Rick Yarish): Good evening. Will the Standing Committee on Social and Economic Development please come to order.

Before the committee can proceed with the business before it, you must elect a new Chairperson. Are there nominations for this position?

Hon. Kerri Irvin-Ross (Minister of Housing and Community Development): I nominate Ms. Wight, MLA for Burrows.

Mr. Deputy Clerk: Ms. Wight has been nominated. Are there any other nominations?

Seeing none, Ms. Wight, would you please take the Chair.

Madam Chairperson: All right. I hope you can all hear me, I know you're kind of far away, but I'll do my best to really be speaking up for you.

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

Ms. Irvin-Ross: I nominate Ms. Blady, MLA for Kirkfield.

Madam Chairperson: Ms. Blady has been nominated. Are there any other nominations?

Hearing no other nominations, Ms. Blady is elected Vice-Chairperson.

This meeting has been called to consider Bill 20, The Manitoba Building and Renewal Funding and Fiscal Management Act. Various acts are amended. As per agreement of the House, dated June 20th, we have 26 people scheduled to speak on Bill 20 tonight

and you have the list of those presenters before you, which is also posted at the entrance of the room.

On the topic of determining the order of public presentations, I will note that we do have out-of-town presenters in attendance. They are marked with an asterisk on your lists.

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

Mr. Cliff Cullen (Spruce Woods): I would suggest we have the out-of-town people present first.

Madam Chairperson: Is that the will of the committee? *[Agreed]*

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

So, before we proceed with presentations, we 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 choose 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 and another five minutes allowed for questions from committee members.

I will do my best to try to remember to tell you at nine minutes that you have one minute left so that you can kind of wrap it up. Hoping I will remember that each time.

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

The following written submissions on Bill 20 have been received and distributed to committee members. So we have Chuck Davidson, president and CEO of the Manitoba Chambers of Commerce,

and Mickey Stanley. Does the committee agree to have these documents appear in the Hansard transcript of this meeting? *[Agreed]*

Now, speaking in committee: This is how it works. Prior to proceeding with public presentations, I'd like to just advise you of the process for speaking in committee. The proceedings of our meetings are recorded in order to provide a verbatim transcript. Each time someone wishes to speak, whether it be an MLA or a presenter, I first have to say the person's name. That's the signal for the Hansard recorder to turn the mikes on and off, okay? So that's why we're doing that.

Thank you so much for your patience. We'll now proceed with public presentations, yes.

Mr. Blaine Pedersen (Midland): Madam Chair, I think, just as a reminder to all committee members, I think it's a respectful thing to do if we put our BlackBerrys away, and various other electronic devices, and if you need to use them, just step back or sit back to the back row of chairs, and rather than—so we can give our full attention to the presenters.

Madam Chairperson: Is that the will of the committee? *[Agreed]*

I think, of course, everybody's in agreement with that. Excellent. Person—perfect. So, if you do need to use your BlackBerry, if you wouldn't mind just stepping to the side and taking a seat on the side, that would be excellent. Thank you so much for bringing that up.

I will now call on Mr. John Morrison. Is Mr. Morrison in the room? *[interjection]* Okay, should I say his name one more time? Mr. John Morrison. Okay, if the committee agrees, we'll just drop him just to the—*[interjection]* He was here a moment ago. He did check in, so we do know that he's somewhere close. So if it's okay, we'll go to the second one of out-of-town presenters. Is that all right with the committee? *[Agreed]*

Excellent, okay, so we will now call instead on Allison Campbell. Allison Campbell. Thank you, Ms. Campbell. Do you have any written materials for distribution to this committee?

Ms. Allison Campbell (Private Citizen): No, I don't.

Madam Chairperson: All right, please proceed.

Ms. Campbell: Okay. I'm quite nervous, so. I came here to speak tonight because I feel I have a unique

perspective to offer to you. I own a small business in Winnipeg. I do bookkeeping for several businesses in Winnipeg, and I'm obviously a taxpayer of Manitoba.

When this budget first came out, and I heard what was happening with the PST, I was extremely upset and very concerned about what was going to happen in the future. I've been listening very carefully in the last little while to a lot of people and what their reactions are to this increase in the PST, and a lot of people have been saying they're very angry about what they perceive to be lies told by the current administration. In the last election, they promised they were not going to raise the PST, and people seem to be upset because they have now done that and they feel they lied.

That is not my perspective at all. I understand that sometimes taxes need to be raised. I do understand that. What I think people are not seeing is the bigger picture. And that's what I hope to present to you tonight. What is going to be very crucial in the next six months to a year is the ripple effect that's going to happen because of this PST increase. I heard somebody call in to a radio show on Tuesday and he was saying he'd gone through his regular morning Timmy's run, and he noticed his \$5 breakfast now cost an extra 5 cents, as—because of the 1 per cent increase in the PST. So he kind of went, well, not a big deal. What that person doesn't know at this point in time is what's going to happen in the near future.

*(18:10)

Businesses across the board are going to be experiencing increases in their operating costs in many different ways. And what's going to happen is those increases in costs are going to translate to having to raise their sales prices, and, ultimately, the consumer is going to be paying that. This is going to happen in a variety of ways. We'll take Tim Hortons for an example. If Tim Hortons is renting a location in a mall, their rent is probably going to go up in the next six months because the rent agency has to pay companies to do repairs and maintenance on the mall. They have to pay employees and perhaps their wages have gone up because minimum wage is going up again. So their costs are going up because the companies they deal with are charging them more because they have to because of the increase in their costs. It's going to trickle down and trickle down and trickle down, and what's going to end up happening is that \$5 Timmy run that right now is

costing extra 5 cents is probably going to end up costing more like 50 cents.

So it's not a 1 per cent increase at all. It's quite a bit more than that, and I don't think the general public is really aware of how that's going to impact them in the near future. We can all agree that 1 per cent doesn't sound like a whole lot, but it's going to compound, absolutely.

I have one client that I work with who is in the construction industry. I had a very interesting conversation with him yesterday regarding this PST hike. And with the construction industry, there's a very specific set of rules as to how to implement this PST increase because of contracts being in place by a certain date. So we sat down and we talked about this, and there's going to be a great deal of cost involved for my client because of this. He's going to be paying me extra money to comply with this law to make sure that we're doing everything that we're supposed to be doing with this implementation. That extra cost is going to have to be borne somewhere, and it's going to be directly to his customers. His customers are going to be charging their customers more, and that's why I say it's a ripple effect. It's just going to keep compounding and compounding.

For myself personally as a business owner, I own a business in one of the most difficult industries right now. I own a spa in Winnipeg. In the last 15 months, from last July until this coming October, my industry will have been impacted four times by this administration.

Last July, you added PST to spa services, which we had never had to charge our customers before. So, all of a sudden, my clients were now paying an extra 7 per cent for the exact same service they had yesterday; now it was 7 per cent more. Again, I understand why that was brought in, but that was a hardship for some of my customers. Now, instead of coming maybe every one month, they're coming every six weeks to two months. My business has lost money. I have lost clientele. My revenue is down.

Last October, the minimum wage was raised. All of my staff, their wages are tied to minimum wage because of the Apprenticeship branch, so minimum wage goes up, their wage has to go up. So now I'm looking at reduced revenues because people are not coming as much because it's costing them more, and I have increased costs, because my main cost in my business is my labour. So I've been struggling with this particular business to try and make ends meet.

Now, with this additional increase in PST—again, the 1 per cent is not a big deal. If they're coming in and spending \$50, a few extra pennies is not going to hurt them, but the overall effect of what every person is going to be paying out for all their things is going to reduce the amount of cash that they have available to spend in certain areas.

And I will tell you for sure my industry is going to hurt because of this. Restaurants are going to hurt because of this. They also, as well as myself, will have increased in their minimum wage coming again this October.

People have less money to spend; they have to decide where they're going to spend it. And, if it's a choice between going and having a pedicure or buying clothes for their children, I'm pretty sure we can all agree they're going to be buying clothes for their children, as they should be. But what that means for my business is I have a shrinking volume of customers who are spending less because they don't have it to spend any more.

So, in this particular case, unless I can make some pretty drastic changes, I'm looking at possibly having to lay off a person because I will not be able to afford to keep them. I will not have the client base to earn the revenue to keep them. So, in my business, that, I think, is going to be very detrimental.

As a taxpayer, I find it very difficult to understand how the administration expects the average taxpayer to survive this. I really do. Wages are stagnant right now. My husband is negotiating his contract right now, and, if he gets a 2 per cent increase this year, we're going to be thrilled. My wage has not gone up for several years. It is what it is. It's not going to go up any higher.

With the increases in everything that's going to be happening, with the ripple-down effect from the PST, we are going to have to start looking at where we're spending our money, because if all of our things go up 5 per cent, his wage goes up 2 per cent, there is an issue there. I can't make that work. A financial genius couldn't make that work. If you have less money coming in, the only way you can survive is to put less money out.

What is going to happen is, my—in my particular case, my husband and I are going to have to sit down and look at where can we start trimming some of our expenses, because every time I turn around, something's going up. My property taxes are going up. Gas keeps going up. The fuel tax went up. Now

the PST has gone up, and all of the expenses are going to be going up because of that. So we have to look at where—[interjection] Okay. We have to look at where we can cut the fat, so to speak, so that we're going to be able to survive this. I don't want to be working until I'm 70 years old. I don't want that for me or my family.

So what's going to happen is things like going out to restaurants is not going to happen. We're not going to be able to afford to. We're not going to be able to afford to go out to movies, or those kinds of things are going to be falling by the wayside, and that's going to be happening for a lot of taxpayers in Manitoba.

So what's going to happen to these restaurants that have been hit with minimum wage increases and are going to have trouble getting people in the door because we can't afford it anymore? What's going to happen to them? They're going to be going out of business. They're going to be laying off people.

I'll tell you one thing for sure that I think is going to happen because of this: It's going to take some time for this ripple-down effect to come into play. This Christmas is going to be the worst one for retailers in Manitoba. I guarantee you. Absolutely. I've spoken to a lot of people who are already telling me: We're going across the border to shop. It's cheaper.

Madam Chairperson: Thank you so much. You did that without looking nervous.

Do members of the committee have questions for the presenters?

Hon. Stan Struthers (Minister of Finance): Ms. Campbell, thank you very much for coming and speaking with us here tonight. I think I found your presentation very helpful to understand exactly how this will impact somebody with a small business and their family, as you've, I think, quite 'articularly'—articulately—that wasn't very articulate at all—but how eloquently you said it to us.

I was very interested in what you had to say about the ripple effect, and I understand that, and thanks for pointing that out.

I had a conversation on the weekend with somebody in the construction industry who used almost the same language but in a different way. The premise that that guy had was that the ripple effect would come from the investments that we make into infrastructure. If we take the 1 cent on the dollar and

use it for infrastructure, there will be a ripple effect in terms of jobs and more Manitobans will be able to participate in the economy.

Do you see that ripple effect, too?

Ms. Campbell: No, I don't. I'm sorry, I don't. I think that it's going to—I'm not talking about big business. I'm talking about small business. Yes, there will be some opportunities and, yes, there may be some job growth in some areas, but there's going to be more detrimental in smaller business, and I think smaller business is a huge part of Manitoba, and I don't think that you give small business enough credit for what they actually provide to this province in jobs and economy.

Hon. Jon Gerrard (River Heights): Yes. Wow. You helped Mr. Finance Minister understand what this ripple effect is all about. You've done better than anybody in the last three nights that we've been sitting here.

* (18:20)

Ms. Campbell: Sorry—

Madam Chairperson: Dr. Gerrard.

Mr. Gerrard: —and also just to ask you—I mean, you're business has been hit particularly hard, and there's quite a number of others which are similarly so. And so, you know, is there going to be a consolidation or are businesses going out of business in the spa industry?

Ms. Campbell: Businesses in the spa industry, in particular, are constantly opening and closing. If I may say, there are a lot of other issues in that industry, but definitely for my experience with my business, if I don't make something happen very soon I will be closing my doors and I will have four people out of bus—out of work.

Mrs. Heather Stefanson (Tuxedo): Thank you very much, Ms. Campbell, for being here tonight and for your presentation. I think you articulated very well in terms of what the impact is going to have on your business and your industry in Manitoban and, indeed, that ripple effect and how what kind of an impact that will have on ordinary Manitobans that are just trying to make ends meet. So I—and have to, you know, are now going to be forced to make choices like you mentioned between going to a—spa services or children's clothing and that kind of a thing. And so I just want to thank you, I don't really have a question for you, but I want to thank you taking the time out and coming and presenting tonight.

Madam Chairperson: Does anyone else have any questions? No? Thank you very much for presenting.

All right, Mr. John Morrison? We already have Mr. Morrison's materials. Everyone should have them in front of them already. Thank you.

Mr. John Morrison (Concerned Citizens of the Sturgeon Creek Watershed): I'll start right off. Basically, the presentation that I am making is in print in front of you, as well, so I'll shorten a couple of items on it to fit the 10 minutes.

Chair, Standing Committee, members of the Manitoba Legislative Assembly and attendees, my name is John Morrison. I'm the vice-president of a watershed group north of the Assiniboine River and west of Portage Avenue and Sturgeon Road. The group is called the Concerned Citizens of Sturgeon Creek Watershed.

Our presentation today was approved by our board of directors on May of 2013. It concerns the management and infrastructure decisions being made by Manitoba Infrastructure and Transportation and Conservation, and the effects of these decisions on the finances of this Province and the effect on the provincial treasury of previously approved bills and legislation by this government and the failure to properly allocate—excuse me—financial resources to support that legislation in this budget.

Additionally, there is not proper oversight of MIT and Conservation in their management of watersheds and their infrastructure to protect Manitobans and their personal financial investments and homes in the budget for—reflect these costs and risks.

Please refer to the section 2 of your presentations, find a copy of The Water Resources Administration Act. It's in effect since February the 27th of 2011 and enforced at this present time. On page 7, section 12.1(1) states that a person may claim compensation against the Province for artificial flooding; 12.1(2)(a) outlines that the property damaged must be in Manitoba.

Now, refer to section 3 of our presentation, and that would be The Shellmouth Dam and Other Control Works Management and Compensation Act, also approved in 2011 and promoted by press releases and personal promotion by senior Conservation, Water Stewardship and MIT staff. Please refer to 12.1 and 12.2 for the parallels to the preceding section; also refer to 5.2(3) and the requirement for public consultation.

On the basis of this legislation, EMO has advised that the applications would be made available for these programs after the April 2013 budget announcements and that claims would be inclusive to the years 2010 to today. In short, the operation of a water control structure causes losses, which is the description of artificial flooding. The Province is obliged to pay for these losses. The current budget does not reflect any consideration for the payment of these losses to property owners in Manitoba that we were able to confirm as allocated. How much money does a province need to address this legislation and where's the allocation within the budget?

CCSCW, our organization, is a great collector of information, and having signed a research agreement with the Province of Manitoba and using FIPPA requests and consultations with government groups and bodies we have a wealth of information. Section 4—this is the interesting one—refers to a federal grant to the Province of Manitoba in 1960 of \$80 million for economic development that was to be used in part for development of man-made drainage in the municipalities of Rosser, St. François, Headingley and Woodlands in the Sturgeon Creek watershed. I highlight the drainage of highly 'qual'-high-quality agricultural lands at which we also have the maps and, in most cases, the original 'earining'-engineering diagrams.

Section 4 also provides two photographs of one of the main drains that was created under that in this watershed. Looking at it, here is the drain that was made—and I'm standing, actually, on top of a dike that goes across the drain that was announced in 2002 was to protect Winnipeg. That picture is from Winnipeg facing to the north and from the north of the dike. Also, another picture was taken, which is the next picture you have here, which is a view from the south, which is where the man-made dike ends and the man-made drain then goes on into Winnipeg. The dike you see was installed to protect Winnipeg from flooding after the spending of the federal funds to develop the drain. In essence, to stop the flow of the very water that was being funded to move.

I now refer you to section 5 of the presentation, which is a technical study—268 pages folks, I hope it's good reading. It was completed in 2009, the majority funded by the Province of Manitoba at the cost of approximately a quarter of a million dollars. Page 70, in the last line in blue under Colony Creek, this is the current size of the culverts in that dike. You can also note that the study indicates that the

structure will fail on the average of every two years. Also note the size recommended in the study for replacement to extend the expected failure to a larger timeline.

In 2010, a year after, MIT rebuilt the dike—now called Doer's dike—but installed the original-size culverts rather than the recommended size. In discussions with the assessment branch of the Province, it was indicated that \$35 million of assessment is at risk. It lost a reduction in only the municipality of Rosser and Woodlands due to flood damage as well as crop and other operation losses. In comparing the study to municipal information and based on the study, most of these losses are due to artificial flooding. Extrapolated across the province of Manitoba, these losses would exceed \$3 billion every two years. Nowhere in the provincial budget is there any accommodation for these losses to the economy, either in compensation or real mitigation.

This, however, is not the worst news for the budget under consideration. In early 2011 in a meeting with MIT, Water Stewardship, MAFRI, the study technical advisory committee members, the consultant providing the study and CCSCW, it was determined that the Province failed to provide the information for the study to fully determine the losses and risks within our little watershed. Highlighted at that meeting was the fact that MIT had continued to add new drainage and structures including additional culverts to the upper watershed that increased volume and capacity, without approval of Water Stewardship, and none of the information was made available to the consultant of the govern—or by the government. Additionally, a substantial number of permits had been issued by the Province for other drainage projects again in the upper watershed that increased volumes and capacity, but Water Stewardship refused to provide them.

I'll leave over the next portion of it there only to say that we've had to provide a FIPPA request to get information and we've only received so far about 10 per cent of it after several years. The Manitoba Ombudsman investigated Water Stewardship for those problems several years ago, and it was determined the government thought they were fixed. They're obviously not.

To obtain a permit for drainage, the Province or applicant is required to provide proper plans to provide consultation to those upstream or downstream that are affected by the project. In our findings, those affected in most cases were not

consulted, and, under The Water Rights Act, are afforded the right to proceed to the minister, then the Municipal Board, for compensation. Under legislation, those affected are required to apply within 15 days of the publication of the permit information. None of these permits appear to have been publicized in the past, specifically when considering that the Province has refused to make them available to the public. These actions take an additional financial risk to the Province in billions of dollars if extrapolated across the province, and those affected should proceed for compensation. Installing proper oversight of spending and economic hardship and risk to the Province's finances should now be a giant, flashing red light. Something's wrong here folks.

*(18:30)

I'm going to skip over a portion about CP and I'm going to skip over the Shoal lakes area where the farmers have been bought out except for one little point on the bottom. When the landowners went to the Municipal Board for their settlements and to get land evaluations, it turns out that the provincial appraisers had never even attended most of the sites that were being appraised and the final decision was by the Municipal Board. If we go back to section 2 and 3 of our presentation and consider the legislation, artificial flooding has caused substantial damage especially in 2011. After the passing of this legislation, landowners, farmers and businesses have seen their operations decimated and not even received an application for compensation for over two years, just public announcements, not delivery of programs. Many farmers angered by provincial management of the watersheds and seeing their investments and funds disappear are now looking for ways to publicize their plight when the government refuses to address the core issues. MIT has now set out to criminalize some of those who've spoken out against the government. Why not criminalize the administrators that have failed to follow the recommendations?

The budget of Manitoba should reflect the legislation passed previously in this province. The government should be accountable for its actions and pay the price of its failures by properly funding legislation like the water resources management act. In fact, its \$3-billion cost should be funded from the MIT budgets and projections currently before the Legislature. Property evaluation of projects and reporting of costs of operations with the appropriate oversight may offset these costs and protect

Manitobans in the future. If the current situation is not addressed, it could well mean the Province is back for another sales tax increase in 2014.

Madam Chairperson: Thank you, Mr. Morrison. You did a good job getting that all in.

Do members of the committee have any questions for the presenter?

Mr. Struthers: Thank you very much, Mr. Morrison, for coming in and speaking with us here today. I appreciate your advice.

Mr. Morrison: Thank you, Mr. Struthers. I'd also commented you were out at a meeting in Meadow Lea over the flooding and people did appreciate the fact that you come out, although they didn't like the answers from the Province.

Mr. Gerrard: Yes, I'm just trying to skip through the big, heavy brief that you've handed us. I take it that in this brief you've laid out the damages that—eventually caused by I presume it is primarily flooding behind the dike.

Mr. Morrison: It's artificial flooding that is the main detractor across the whole watershed. This is one structure, but there are a multitude of structures built by the Province of Manitoba that are considered as control structures. We did receive a letter from the deputy minister of MIT saying that the dike that you have photographs of, that there isn't an actual water control structure. But a week ago three senior people from Water Stewardship were in a Municipal Board hearing, and under sworn testimony said that is was a control structure.

Mr. Ian Wishart (Portage la Prairie): Thank you, Mr. Morrison, for your presentation. I think you've done a really good job of laying out one of, as you pointed out, many of the water management issues that we experience in this province, and we've certainly in the past been on-board to help find some solutions for those. They are—it's a strategy that the whole province needs to participate in and we have yet to move in that direction. So I certainly appreciate your presentation.

Madam Chairperson: Thank you. Does anyone else have any other questions?

Mr. Gerrard: Just to continue with my earlier question, I think what you were implying is that the amount of flooding was due partly to the presence of the dike and partly due to all the drainage that's

occurred so that instead of the water being held up it pools behind the dike. Is that—

Madam Chairperson: Mr. Morrison.

Mr. Morrison: The Province has put other dikes in place in the watershed. They've also reduced culvert sizes. They've changed drainage flows. They've done a lot of things that cause other places to close up, but yes, and all of those are all noted in the study. So, basically, they identified the ones that the Province made them available in the information. The ones they didn't, of course, aren't in that study.

Madam Chairperson: Thank you. Anyone else? Not? Thank you so much for coming.

And, Mr. Larry Baker, Mr. Baker in the room? Do you have any written materials to distribute? It looks like you do.

Mr. Larry Baker (Private Citizen): Yes, I have 20 packages here.

Madam Chairperson: Thank you. The staff can do that for you. Please go ahead and proceed with your presentation.

Mr. Baker: I'm very thankful for being able to address Bill 20 tonight and I'm going to deal with taxes and debt.

I was a victim of the 2011 flood, being a property owner on Lake Manitoba, and if I had known we could address other issues, I would've—I've got 63 pages here—I would've brought another 63 and really speed-read and see if could get them both in.

Provincial sales tax: expanded to include—three times, since 2000—insurance premiums, property and group life, salon services, pedicures, manicures, women's haircuts, tattooing, plumbing—spelled wrong—furnace repairs, accountants, lawyers, electricians, heating and cooling service, architectural engineering, security, private investigation, travel and baggage insurance.

The current provincial government, by expanding the PST, is well on the way to establishing a harmonized sales tax in Manitoba via the back door. And the PST, with the 8 per cent, Manitoba's going to have one of the highest rates. There are three provinces that are higher: Québec at 9 and a half per cent and they're higher with just about everything; Nova Scotia at 10; and Prince Edward Island at 10.

This is—the next page is just a summary of when the PST was expanded, and I hope that some of you,

afterwards, will take time to read some of these, because I'm just going to cover the highlights.

The NDP government passes a huge tax increase. The NDP's \$182-million tax hike budget, announced April 17th—this is 2012—is the largest overall provincial tax increase since 1987 with an additional \$83 million in higher user fees and other charges, including higher fees for things like birth certificates and child abuse registry checks. The budget represents \$260-million increase in taxes and fees. The highest increase before that was in 1987 under the Howard Pawley government when we had a PST increase.

Expanded PST, provincial—this is just the different things under the 2012 budget that the PST applied to: gas tax, PST, tattooing, piercing, blah, blah, blah. Budget 2'13–2013 included the largest provincial tax increase in the past 26 years, even bigger than the 2012 increase.

Provincial income taxes: In 1999, the year the NDP government was elected, provincial income taxes were indexed as a percentage of federal income tax. The percentage in 1999 was 48 and a half per cent. In the year 2000, provincial income taxes were de-indexed and provincial tax rates were established. This, in my opinion, was done to avoid corresponding decreases in provincial income taxes as federal taxes were being decreased. Over the years, provincial income taxes have been increasing as a percentage of federal income taxes. In the 2012 tax year, my provincial income taxes were 100 per cent of federal incomes taxes. The amounts were almost equal, within a few cents of each other.

Next page is the different income tax rates, and Manitoba pretty well has the highest—at the highest rate. Nova Scotia's higher at 21 per cent. And at the lower rate, Manitoba is—outside of Saskatchewan—is the highest, and on the lower end of the income. This has resulted in—and this is a PricewaterhouseCoopers study in 2009—this has resulted in individual at \$20,000 paying the most income taxes of all the provinces—Manitoba at \$2,734. This probably could be helped by increasing the personal tax exemption, and this is just a letter to the editor that I wrote that was in the papers and I've written numerous, numerous, numerous letters to the editor.

The next one is Ernst & Young, and this is a really neat program. You can go on there and you can punch in any amount you want as—for taxable income, \$20,000, \$30,000, et cetera, and you're going to get the different taxes for each province.

And in this case—and this is 2013 personal tax calculator—at \$20,000 income, Manitoba pays the highest taxes at \$5,125.

* (18:40)

And the next one is from the Alberta website—and the Alberta website is fantastic, you're going to—on there, the Alberta advantage is all about taxes. If you want to know what taxes are across Canada, go to the Alberta website, because they're very competitive. This is what Canadians can earn before paying the provincial income tax: in 2010, Manitoba—\$10,604, which is the lowest of all the provinces.

The next one—and this is 2010, a couple of years ago. And in here the personal tax exemption for Manitoba at \$8,134 was the lowest. It's been increased but the other provinces has also increased, and one that really increased their personal tax exemption, of course, was Saskatchewan.

Interprovincial tax comparison rates, corporation income tax—Manitoba doesn't have a corporation on a small rate, and I know in the last election in a news release, which I have with me tonight, the Premier (Mr. Selinger) said that we have eliminated five taxes, and that was one of them. Well, you don't have a corporation small-tax rate, but you do have a health and education levy of 2.15 per cent, which is one of the few provinces that has that. It's just the same thing in a different form, so the corporations here are not gaining any advantage. You could call that—put it up above there in the corporation income tax small rate and you'd be equal to the other provinces.

This is a study from across Canada on education taxes. I went on all the websites and studied all this. Manitoba, at 16 mills, has the highest average mill rate of all the provinces in Canada. Several of the provinces have a—and territories have completely taken education taxes off property.

And I wrote a letter to the—or a letter to the editor and I sent that to the Minister of Education (Ms. Allan), and the letter I got back says property tax—or mill rates are only one factor in determining a property tax bill. When comparing Manitoba to other tax—other provinces' taxable portion of a properties of value—portion value, to also reference your evaluation aid assessment, should also be taken into account, and that's true. And every—we are subject to increases every year through the mill rate and every second year through assessment.

And the next is just—however, because some of the mill rates are so low in other provinces—and my brother lives in Alberta, so I phoned him and I said, what's your mill rate, what's your taxes? His house is assessed at \$620,000. His mill rate is 2.6147, so his education taxes equal \$1,621.11. In Manitoba, we're portioned at 45 per cent, 279,000 times 16 mills, which is the average—a lot of them are more than that and some are less—the education tax here is 4,464 less the 700 you get—if you get it. I don't get that at my cabin. Net tax is 3,764—twice what it is in Alberta.

The—there's very little interest in running for a trustee for school board elections, and we're one of the last provinces in Canada where the school boards still have the right to tax—some provinces have eliminated the property tax completely. In others, the Province has taken over and set standard mill rates. There's very little interest running as a trustee for school board elections. In the 2010 school board elections, 149 seats were filled by acclamation. All the ones in the Interlake School Division, which I live in, were filled by acclamation, and Lakeshore School Division, I don't—even though I pay taxes to them, I don't have a right to vote, which I don't believe is very democratic and I don't agree with it. I think if I pay taxes to a certain entity, that I should have the right to vote. And 11 seats are left vacant to be filled by appointment. Voter turnout is also very low. I think the school board taxing is outdated and it's got to be changed and the Province should be taking over and setting province-wide mill rates. There's very many equities also in a school taxing, which I could talk on for—and property taxes should be the sole jurisdiction of municipal governments. In many cases, the education tax is more than 50 per cent. If they had—if education taxes were taken off properties, they'd have more room to tax, and I wouldn't mind paying more taxes to my municipality, I—they give me a lot of services. And it would go a long ways to solving our infrastructure problems.

Just—I'd like to read—over a five-year period education property taxes on my cottage—lake school division—increased from \$471 to \$1,281 or 172 per cent, and I keep hearing how the education taxes are going down. Over a five-year period, 2005—oh, over a three-year period, 2009 to 2012, net education tax on my principal residence in Interlake School Division increased—it increased from 900 to 1,136 or 26 per cent. My education taxes aren't decreasing.

Madam Chairperson: Thank you, Mr. Baker. Thank you very much. We'll just move to a period of questions now.

Mr. Struthers: Thank you, Mr. Baker, for coming and speaking with us here tonight, and I want to commend you on the amount of homework you've done in preparation for this presentation. Thank you very much for that.

You make a strong case on the tax side. I'd like to talk to you about some of the tax credits, as well, that we've put in place to get a full picture on the tax side.

But I'd be interested to know, every government collects taxes and every government spends that money out. We are faced with a couple of things that we're responding to, some big challenges. One was a billion-dollar report that came to us that said we have to invest in flood proofing, flood mitigation projects. The other is the opportunity to participate in the Canada-Manitoba infrastructure program that the federal government, to their credit, brought forward in their federal budget a few short months ago. Would—what would your advice be to us in terms of how—because we've said we're going to put this one-cent-on-the-dollar increase directly into infrastructure—what's your advice as to where that—what that infrastructure should be?

Mr. Baker: With regards to my cottage, it's very important that a channel be built out of Lake Manitoba, because my value on my property decreased from \$208,000 to \$108,000. It's been devalued tremendously and I don't see that coming back. And there have been no sales; I've been to talk to several real estate people that deal on there. You can't establish a value there because there is no market. And it's very important to me—and not only me, but to the municipalities because they have lost a tremendous amount of tax base—that that channel be built which will give, I think, people confidence that that flood is not going to occur on Lake Manitoba again. And to me that's a very important issue, and all the owners around Lake Manitoba and I think it would give confidence to people. They would start rebuilding and rebuild the tax base for the municipalities.

And all—and, you know, businesses have been tremendously affected there, because 70 per cent of the tax base in St. Laurent was from cottagers and a lot of the businesses there depend on the cottagers to come down for ice cream. In fact, there was a Beachside Delights there was closed for about a year

and a half and it didn't open up again, and there are other businesses that were closed. That channel is very important to Lake Manitoba and the confidence to bring back values.

Mr. Struthers: Yes, and thank you very much for that, and you do know, then, that we have made the announcement it's going to be a \$250-million project. We've—the Premier (Mr. Selinger) has made that announcement and we're working as quickly as we can to make sure that that channel does become a permanent reality.

Mrs. Stefanson: I think it's important to note when discussing that, though, that it is nothing more than an announcement. We've seen lots of different announcements from this government that we have not—that have not seen the light of day, and I just want to make sure I caution you on that that, of course, this increase in the PST—none of that money will go towards that outlet at all. It's nothing more than announcements that will potentially, maybe happen at some date in the future.

So I did want to say, Mr. Baker, thank you very much for being here tonight. Your presentation is very well thought out, very thorough. I think you bring forward a lot of examples of the reality that we face as Manitoban taxpayers here and, you know, the fact that we are one of the highest taxed provinces in Canada, you've got the statistics within your presentation here.

My question for you is with respect to Bill 20 and the increase in the PST going from 7 per cent to 18 per cent—which, as you know, is effectively about a little over a 14 per cent increase—what kind of an impact does that have, do you think, on Manitobans and what kind of advice do you have for the government on this tonight?

Mr. Baker: In my opinion, it's certainly going to affect the businesses that are along the border like Roblin and Russell. People can go to Yorkton and they're going to get—pay 3 per cent less. It's going to affect people along the American border.

And, if you want to see what a difference taxes can make, all you've got to do is go to Lloydminster, half of which is in Saskatchewan and half of which is which in Alberta, and for a long time Saskatchewan had a lot higher taxes. And where did all the development take place? It took place on the Alberta side. The Walmarts, et cetera, were all built in the—on the Alberta side.

* (18:50)

So it can affect business a lot, and it's going to affect a business a lot. If you're going to buy a vehicle, you know, a \$20,000 vehicle, if you can go across the border into Yorkton and buy a vehicle and save a significant amount of money. So I 'suspect' some of those areas along the border are really going to be affected.

Madam Chairperson: Dr. Gerrard, briefly.

Mr. Gerrard: Just in terms of Lake Manitoba, I'm not sure how much your cottage or home was damaged there and how things are recovering and when you will be able to think clearly about the future. The outlet as is currently envisaged probably won't be completed for another several years. I just want to give you an opportunity to reflect on this.

Madam Chairperson: Mr. Baker, just briefly, we have a—the time is expired, but if you give a brief answer.

Mr. Baker: In my particular case, we were very fortunate because the RM of Coldwell spent money to do the flood, and they didn't worry about it. And we have a reeve who's very well versed in construction industry. He's involved with a large construction company, and we had an EMO guy who had lots of experience. They did everything to save us, and they did save us. My yard was all tore up because they used it as a staging area for the Bobcats to go up and down with pallets with the sandbags on them and also later with clay. But it was just my yard that was tore up, and I had a little bit of water in my crawl space. It didn't hurt anything. I'm pretty much back to normal. I did it myself. But the values haven't increased yet. But we were very, very fortunate with the council we had.

Madam Chairperson: Thank you very much. We really appreciate you coming.

Our next presenter is Mr. Jim Riske. Do you have any written materials for distribution to the committee, Mr. Riske—[*interjection*] Riske? Thank you.

Mr. Jim Riske (Private Citizen): No.

Madam Chairperson: No? Please proceed.

Mr. Riske: Mr. Struthers, Dr. Gerrard, members of the committee, let me begin by thanking you for continuing this process of hearings of the public. I'm imported from Detroit. I've lived in four US states and now two provinces here in Canada. Maybe I missed something along the way in those places, but this practice of actually listening to regular people in

these committee hearings is unique and I appreciate that very much.

Let me apologize to you for not having handouts for you. Usually, I would have that level of detail, but a friend's personal crisis has eaten up most of my prep time this week. I'm also happy that I was called for this day. It's somehow appropriate that an American is here protesting a tax increase by Her Majesty's government on the 4th of July.

An Honourable Member: You didn't bring any tea, did you?

Mr. Riske: I'm sorry?

An Honourable Member: You didn't bring any tea with you?

Mr. Riske: Sadly, no, I did not.

I'm here because I'm confused. Mr. Struthers and Premier Selinger have said that we can't hold a referendum on the PST increase because there's not time. If I'm reading the budget documents correctly and following the news correctly, the fiscal year started on April 1st. The budget wasn't presented until April 16th. Now, I'm gathering that's common practice here. But I also keep up with Michigan's Legislature because I was twice called upon to be a qualified sacrificial lamb for the Republican side on the—in that body.

Michigan's fiscal year doesn't start 'til October 1st. They pass their budget through two houses of Legislature and a governor who all have to agree because it's not a unified government. They passed it and signed the budget two weeks ago.

It gets even worse in a divided government. You have Republican, Democrats, both sides. The worst they've ever done, that I've figured out: fiscal year starts on October 1st; they passed it on October 2nd.

I know most of these people; they're no brighter than you guys. I'm quite impressed by the people I've met in this Legislature. Surely, you guys can figure that out. You can call the Legislature back a few months early. They'd certainly appreciate it, given the temperatures. So you should have been able to sort this out in plenty of time.

But I'm also confused by the budget numbers. If I'm reading the budget documents put out by your office correctly, the PST increase, along with whatever remains of last year's expansion of it, adds \$213 million in new revenue. We'll include the fuel tax increase that should generate \$5.6 million only because, presumably foolishly, I presume that it goes

to roads. So I kind of figure that would go in infrastructure. I might be misreading it, but this isn't my first rodeo.

I only count 89 and a half million dollars in new infrastructure spending. Certainly there's plenty of it there. I only see that much new, which leaves a pretty big gap.

Along with that there's an increase in the budget deficit of \$57 million—increasing revenues, increase in deficit, bringing a totaled budget deficit of \$505 million. I understand running a deficit when times are tight. As much as when it's not going as fast we'd like, this is not the tightest times that have come around, and unless the US gets its act together, it's not the tightest times that are to come. Probably we should figure out how to close that hole sooner rather than later.

I might be with you on this increase if I could see the numbers that you've presented. I've driven across enough of this province to strongly support increased spending on roads. The further out you get from Winnipeg, the more of a disaster they are. But I don't see the numbers there. Please tell me what I'm missing. Show it to me in this budget. At the very least, get better staff for writing your press releases to show it to us.

If you told me that you were doubling the number of MRI machines in this province, I'd be fighting with you publicly. If you told me were going to air condition this room, I'm sure everybody here would be with you.

If these new funds were going into a 'segregated' piece of the budget, where we could see that this is new dollars matching what the feds are bringing in and see it separately accounted for, we'd all have a lot more faith in this. That's certainly the way I do accounting even if I'm presenting it separately, even if the accountants have to do it some way different, that way you can see what's going on.

I'm actually really impressed by the fiscal management here in Manitoba. I've never seen more careful boards than the Steinbach City Council, even though I think they should have made the library bigger when they expanded it recently. They're very careful, they spend very well—same for the Hanover School Board.

I'm trying to presume that out of this provincial government—as much as ways as they're said by my friends on the Conservative side, and I count Kelvin Goertzen a friend, and so I'm—as much as ways that

said there, I'm not seeing it in the budget. But I'm also not seeing these new dollars mapped out in a way that makes sense.

That's really it. I'm hoping that I'm missing something when I'm ask you to show it to us in a way that we can follow.

Thank you.

Mr. Struthers: Yes, thank you very much. Happy Independence Day, and welcome to sunny Manitoba.

Bill 20 has a clause in it that dedicates every nickel of the revenue from the cent increase on the PST into infrastructure. What is your advice to me as to exactly what that infrastructure should be?

I know you mentioned roads; I live in Dauphin, which is three and a half hours northwest of here, and I go through some very good patches of road and some that aren't quite up to snuff, and you've mentioned that. What other kinds of infrastructure do you think we need to be targeting with this revenue?

Mr. Riske: The simplest list is obviously the roads, since I haven't driven very much of this province—as much as I've driven on some of those roads, I don't know what the list is, but I would assume that you have a list, that there is a priority list and you should be able to look down that list and see how much we should be spending, how much—okay, if we increase this, we can spend this extra.

Steinbach certainly needs expansion of schools because our population's growing at a ridiculous level. I haven't seen this level of growth since I lived in Port St. Lucie, Florida, which went through a major boom cycle and then a massive bust with the whole housing meltdown. So it scares me a bit, but it seems to be sustained—we should be preparing for that.

And then, certainly, we have flood control problems. If we have a billion dollars that we have to spend there, yes, that can go there, great. I'm not seeing it listed in the budget. Maybe I'm missing something. But I went through as much detail as you give us in the estimates of expenditure and revenue. I don't see it, at least I don't see that change.

* (19:00)

I can certainly believe that as much you're saying is going there, but if it's—heck, if it's a tax increase, I would expect an equivalent increase in all those areas in total.

Mr. Struthers: Thank you very much, and just quickly, I'm really pleased that you mentioned

flooding infrastructure because we believe that's very important.

I want to correct the record from what the member for Tuxedo (Mrs. Stefanson) has said in the previous question, that is, \$250 million to make the channel permanent, that is money that is made possible through the 1-cent-a-dollar increase to the sales tax.

I've looked hard, as hard as can, I don't see a tree out at the back growing money to pay for this. And we absolutely reject the proposal made by Conservatives across the way to cut money out of health care and education to the tune of \$550 million in order to pay for it.

So I just wanted to make sure we corrected that record, make it very clear, a cent on the dollar would go directly into making that channel permanent.

Mr. Gerrard: You've clearly done a fair amount of careful work on the looking at the budget. I've come to the similar conclusion to you, but tell us a little bit about your background that you're—have the experience looking at budgets like this.

Mr. Riske: I grew up in politics for—probably because I wasn't bright enough to stay away—and so I've grown up in US politics following both federal and local budgets. But since I was asked to be—run for the Michigan House of Representatives, I dove into that budget and followed it, as well as local budgets and the law.

I've served on foundation boards, church boards, all different places. I'm a teacher. I've looked at the budgets in every district I've been in. At least the overviews are fairly easy to read. Certainly, there's depth beyond on, but standard accounting is supposed to be standard. You're supposed to be able to go from place to place and see the same stuff without having to dive through pages of explanation of: oh, we decided to put it here.

Mr. Cullen: Thank you very much, Mr. Riske. I appreciate your coming tonight and hopefully you enjoy the rest of your 4th of July celebrations. Appreciate your insight on this, and certainly your different perspective on it.

I guess, I think, it's safe—we on this side, appreciate where you're coming from in terms of we don't understand really where the money is going to be spent as well, and I'm just wondering if you've been kind of following the announcements. The governments making announcements all the time in

terms of investments, have you been following those announcements and your perspective on that?

Madam Chairperson: Mr. Riske, briefly.

Mr. Riske: Yes, I certainly see them, but I don't follow them nearly as close to as I did when my wife was alive because she—as a reporter, she got all kinds of stuff all the time. Now I see bits and pieces, but I've got other stuff to do. So I'm just looking at the total document and I'm presuming that responsible budgeting says it's all in there.

Madam Chairperson: Thank you. Time for questions has expired. Thank you so much.

We've completed our out-of-town guests and we will go back up to the top and begin with our in-town guests.

So I will now ask, Mr. Glen Melnyk, if he's in the room. Excellent, and Mr. Melnyk, do you have any written materials for distribution to the committee?

Mr. Glen Melnyk (Private Citizen): I do not.

Madam Chairperson: All right, thank you, please proceed.

Mr. Melnyk: Good evening. I know some of you are going to pretend to listen and be attentive this evening, but the reality is you've made up your mind and you're thinking about where else you could be and what else you could be doing. Perhaps you're thinking about the Bombers, but I have an update for you. As I was driving here tonight, I saw a sign that said Highway 59, Bombers nothing. So that's where they are so. But that's another fiasco for another time.

We're here because this is important. It affects me. It affects you. It affects my family, my friends, my neighbours and my community. Why am I here on a beautiful July evening with no air conditioning? So I can look my daughters in the eye and at least say, I tried. My daughters are 19 and 17. I try to take advantage of teachable moments for them. This government has given me many over the years. As one enters third-year university and the other enters grade 12, I worry for their future in this province. I can't tell you how many times I hear them and their peers discussing better provincial alternatives.

It doesn't have to be this way for our young people. The Premier's (Mr. Selinger) not here tonight, but he directly lied to the citizens during the last election. That's ridiculous, was the quote the Premier said when asked about tax increases.

Ridiculous indeed, illegal, immoral, dishonest are other descriptors. Power does indeed corrupt here in friendly Manitoba. You not only expanded the PST to other goods and services, but now are attempting to illegally raise it: double dipping at its finest.

I teach my kids to be responsible, accountable and independent in all aspects of their lives. One additional tax this year has cost me over \$400 alone, and that's at 7 per cent, insurance premiums. Instead of rewarding people for taking control and responsibility for their lives and property, you penalize it. But I guess that's the socialist way, government knows best.

I'm not sure what the play is here, but you remind me of a third-generation trust fund kid who gets left a lot of money, a successful business, tons of potential and opportunity, and then proceeds to flitter it all away. They blow it all and then they wait for someone else to come and clean up the mess. Of course, I refer to the Pawley administration leaving Premier Filmon to clean up the mess then. Now Premier Doer and Premier Selinger blowing it all again, perhaps leaving Mr. Pallister to try to put Humpty Dumpty back together again. Talk about history repeating itself. Is that the play? I don't know. Take 10 years off from the mess and then play hero again with other people's money down the road. Well, we'll learn this time.

Our province deserves better. The law was put in place for a PST increase referendum to allow for clean, clear, sober second thought. A stopgap for out-of-control politicians to spend their way out of mismanagement, basically, a bill to protect you from yourselves. It's funny, well, not funny, but it's ironic at best that you want to legislate everything else to protect Manitobans, but you ignore this most important piece of legislation. New Democratic Party, I think not. If you feel so strongly about the extra \$278 million and where we need to go in the future, why don't you take it to the people, sell it to Manitobans. But you know you can't. You know they're not buying, democracy be damned, slippery slope from socialism to the C word.

If you had a referendum and it passed, so be it. I would not be happy, but I would respect the voice of democracy and the voice of the people. Instead, you try to make people live in fear. Fourteen years and you still can't run on your record, just fearmonger with glib anecdotes and untruths about the alternatives. You're politicians, I'm sure you've all

heard the three-envelope joke. Have a referendum, convince us you're right, that's leadership.

According to media sources, we receive a record amount of federal support, I believe \$3.4 billion, yet you continue to gouge: MPI, liquor, hydro—oh, look, bipole there's an extra billion—user fees. Just paid \$25 on the weekend for a fishing licence, I remember when it was six. And the absurd land transfer tax, with our housing market that alone should be enough to sustain us for years. Without a PST increase, according to media reports, we still have an extra \$2.5 billion and two sixteen from the expanded tax base. Those are insane numbers.

In business, to achieve a palatable bottom line you either cut spending and expenditures or you raise top-line revenue. Government is not an industry or an economy, as the NDP like to think, they're only client is the taxpayer. So the only responsible and sane thing to do is reduce spending just like any sound business or family unit would and does. Don't spend more than you make. Ask Europe how that overspending's working for them.

I myself have told many Saskatchewan jokes over the years, but, really, the joke's on us. You know, I had an opportunity to move there about five years ago, and if I do the math I would've been way better off as I pay, you know, as I pay three times the provincial tax that they do. It's not rocket science: don't spend more than you have, find other revenue streams other than the taxpayer. Here's a hint, the oil and gas in Saskatchewan didn't magically stop in the ground at the Manitoba border, probably some potential there.

Financial freedom means different things to different people: for some it's about having enough gas to put in your 10-horsepower boat and motor to go fishing, for others it's about building a mansion, for others it's travelling, for others it's doing charity work. But the whole idea is that it's their choice. They know how to spend their hard-earned money better than any government.

* (19:10)

Do the right thing, have a referendum and uphold the law. If you can sell it, more power to you, but give us the opportunity instead of breaking the law and treating us like loyal minions. Put the democratic back in NDP. If you'd like me to spend an afternoon or an evening with each minister to go over synergies and savings, I would gladly donate

my time. Remember, it's always easier spending other people's money.

To conclude—I think Mr. Struthers already used this, but to conclude, I'd like to quote my father: Money doesn't grow on trees.

Thank you for your time.

Madam Chairperson: Thank you, Mr. Melnyk.

We're going to do questions. I just wanted to let people know we have five minutes for questions for each person so I will take one question from each person and then go back to the beginning so that we're fair, starting with Honourable Mr. Struthers.

Mr. Struthers: I just want to thank you, Mr. Melnyk, for coming in and giving us your advice tonight in your presentation. Thank you very much.

Mr. Pedersen: Mr. Melnyk, you mentioned your two daughters, and they were talking about, if I heard you right, other provinces. Can you expand on what you're hearing from them and what do you say to them in conversations with them?

Mr. Melnyk: I've had many opportunities to move over the years and I never have because I've always believed, you know, this is where my family is, this is where I wanted to build a future. But as we go along, I'm running out of things to say to them. So they talk about Alberta; they even talk about Saskatchewan. They talk about different places where better jobs, you know, friends already—I guess why they do this is because all their friends that they've made during school, these people are moving away right now. So, with the Twitter and Facebook and everything else, they're keeping in touch with people that are in BC, Alberta, Saskatchewan, Ontario, Québec—wherever it may be.

So the world's smaller for them now than it ever has been and they've made a lot of friends during their school years that, you know, live in other places now. And—so they're selling them, and I try to sell them right back. I tell them things are going to get better, but we have a lot of work to do.

Madam Chairperson: Thank you, Mr. Melnyk.

Does anyone else have any questions?

Mr. Gerrard: Mr. Melnyk, thank you very much. I would guess that you are a businessman and that you've kind of seen what impact this is having and will have on business. Maybe you want to comment on that.

Mr. Melnyk: You know, just—business in general, I mean it's—I think the first speaker today—I don't know if she's still here—I mean, she spoke eloquently about it. I mean, that's the reality that's out there right now. You know, every nickel counts. And you can say, oh, it's only another million dollars, or, oh, it's only another this, or it's only another that. But when you extrapolate that down to the—and, you know, the common denominator of per capita, per person, of what it costs, like I said, \$400 for me, you know, for just insurance premiums this year, so I can look after my property, so I don't have to rely on government to look after me, so I can look after myself—\$400. You know, that's an airfare somewhere, you know, that's a tank of gas—well, it's more than one tank, but it's close to a tank.

So, I mean, those are some of the things. So it just keeps getting wetter. And you can't—I don't care—you can't spend your way out of messes like this. You have to make tough decisions and you have to make hard decisions, and no one's saying it's easy. Goodness gracious, I know you guys are in here all—you know, for a long time tonight, and you've been here for at least—I know it's—but that's—that comes—that's what it is. You've got to make tough decisions, and tough decisions just doesn't mean—you know, in business—like I said, in business, you know, you have salespeople to go out and, you know, you try to do top-line revenue growth. But if you can't do top-line, you've got to look elsewhere.

But here we have a consistent ongoing trough of top-line revenue. It's just like oh, well, we need more money; let's just get more money. And that's the issue, and that's what makes it different than everything else for me.

Madam Chairperson: Thank you, Mr. Melnyk. Are there any other questions? No? Then thank you very much. Appreciate it.

And we will go to Mr. Rodney Harder. And do you have any written materials for distribution, Mr. Harder?

Mr. Rodney Harder (Private Citizen): I do not. Tonight it's an oral presentation only.

Madam Chairperson: Okay. Please proceed.

Mr. Harder: Okay. Ladies and gentlemen of the public—unfortunately my back's to you, but no choice in this event—members of the Manitoba Legislature—which I'd like to remind are elected and accountable to the people of Manitoba—I'm rising today for the first time in my life at any public political arena

because of what I view as the offensive actions of the current NDP government. As my friend said, once you rile a mild-mannered accountant you know you've crossed a line, so I'll send that message.

I speak today as a concerned citizen, a professional accountant, a past volunteer board member, a volunteer with Big Brothers association and I'll tie all those in to my presentation and speak on behalf of thousands of Manitobans who would be here today except they're afflicted by the most common of fears, and that's public speaking. I am not.

The central issue I speak today about is trust. The basis of any successful relationship in any aspect in this world is trust. We all know that to be true and vitally important for our society to function properly. Merriam-Webster's Dictionary defines trust as the assured reliance on the character, the ability, the strength or truth of someone or something, in this case, elected officials. I'll come back to this later but I would like all of us in attendance to stew on that for a moment as I go through this and look at the actions that have been taken and we've heard already some of those.

I'd also like to consider the words of Gandhi when he proclaimed, actions express priorities—not words, but actions. During the run-up to the recent October 2011 election, the NDP leadership, when questioned about raising taxes, called the idea ridiculous, complete nonsense and so on in a manner that made it crystal clear that their promise was not to raise taxes, expressed with great disdain for even bringing up the suggestion that that would take place. On this platform, Manitobans elected the NDP to power.

Immediately, or very shortly after, the PST was enlarged to cover items never before covered in our history, such as insurance and many of the services we talked about today. This is in direct violation of election promises. One year later, here we are, NDP decided to break existing laws that stated a referendum must be held in order to raise the PST, further ignored their promise not to raise the PST now to 8 per cent, which is the highest in western Canada and one of the highest in our country. The background to this, our Riders-football-loving neighbours recently reduced their PST over the last few years to 5 per cent and many other provinces have worked hard to make their governments more efficient and effective, reducing the burden on their taxpayers.

The rise to 8 per cent is not only offensive, then, in terms of its promises broken but also in the direction that it's taken and the manner with which it's been done.

Thirdly, you had the business community collect the higher taxes without allowing the due process such as these meetings today to happen before implementing the increase. That's also offensive. This is done, in my view, without a credible or trustworthy explanation to the increases. I struggled, as many of the people speaking today did, to find, where are these, you know, what's the reasons for this great big increase, you know, and it may seem like 1 per cent is a way to slip, you know, money past, but it is a big increase.

I'd also say that the fourth action that's happened is something that I just heard last week. I was talking to a senior, rural municipal administrative leader during my regular course of duties who volunteered to me, from a large municipality, that they had received some strange requests by the Province last—just last little while, asking them to submit a list of projects for 2013 that were not yet funded, quickly. This was so strange a request, has never happened before, that they thought there must be an error and they submitted 2014 list of projects, only to be told shortly after, no, no, it has to be 2013. And they said, well, this is directly against the rules of government. Why would we be asked that? The only conclusion for this was the government was scrambling to find some sort of justification for the PST increase.

Actions, not words. To properly compare actions, you must look at other choices that were available, too, otherwise, if there's only one choice, then the actions are justified. It's been researched by others that the Manitoba government has—could have chosen to reduce, say, public sector employment to the average of all Canadian provinces. Okay. That's not an unreasonable amount to ask for. Let's be what is considered normal in this country. According to the Canadian federation of taxpayers, this would save us over \$1 billion annually, way more than the amount that the PST increase is. Many other suggestions and opportunities have been itemized and were not chosen. I don't have time to go through all of them right now.

* (19:20)

I want to talk about the impact, both economical and non-economical, of this [*inaudible*] decisions and go with that. These actions that we've heard, of course, increased PST by 1 per cent. It also means

credit card companies now get to charge 1 per cent more on their charges to businesses which further hurts the business community such as the one we heard earlier today. Landlords who are rent controlled have received a 1 per cent raise to various things like insurance and everything else, but are limited in what they can charge their renters so, practically speaking, are better off kicking out their current renters and bringing in new renters where they can raise the rent. That is not good for our society.

Not-for-profit organizations now have to raise 1 per cent more simply to provide the same programming from citizens who now have 1 per cent less to work with—not good for our society. Manitoba business that sell out of province are now less profitable and they could lead to loss of jobs—and some things we already talked about. I won't go into detail for saving time, but this could be a triple—a trickle effect, ripple effect, whatever you want to call it, that leads to these further problems. I personally know of one business that decided not to come into Manitoba because of —un—this is their quote, unfriendly business environment.

Non-economic impacts. We all know stories of disenchanted voters who are saying, ah, they're all crooks. Why should I bother voting? Democracy, though, is central to a—proper workings of our society. Actions that lead to that kind of skepticism are not helping our society.

I mentioned before I was part of Big Brothers. My dad died when I was young, when I was 9 years old in a car accident from a drunk driver. I understand the need for leadership for young people. As a big brother in that organization, what these kids really need is examples of what to look for and become as they grow up. What are we demonstrating as political leaders in this province by doing the actions that we've taken now? What are we telling our young people? I find that very offensive. It simply increases voter distrust of politicians.

Living and doing business in Manitoba is now not as attractive or appealing as well. So those—and that's also a non-economic impact that also has, you know, quality-of-life impact. If we evaluate the situation and we say that as a conscientious Manitoban what has happened here is that we're running the huge deficits that NDP has run over the past few years.

The government has a spending problem. I think that's obvious enough to state as truth. The truth is

likely that you have a spending problem and you need to—think you need more money. When this happens in a voter's household—and as an accountant I've been involved with this several times.

And as far as advice goes, the wisdom of established counselling tells you to reduce your spending to a strict budget based on needs, sell your wants to increase your cash so that whatever that may in your personal life and in the political life—and never are people counselled to break societal rules and steal money from your employer, okay? Never, and, in fact, you know, just to keep on living a lavish lifestyle, this is unfortunately exactly a parallel to what the NDP has done in this case. You broke the law to protect citizens from this unjustified exact action, and after just a few months of promising there'd be no increase and no platform for tax increases.

I would ask the question then, if the government had good reasons to raise the taxes, why would you not say so in an election platform? Why would you not say so during a referendum of following the law? And why would you not do so in the full due process? Likely, the answer is because the real reasons for wanting an increase are too embarrassing to put in front of the voters. The conclusion is that either the government is incompetent or delusional—I'll put them together, thank you—or else unscrupulously untrustworthy. In either case, action is required.

As an accountant, I'm part of a professional accountants' organization which, for the best, I think, in the public, if it is decided that we need to have a voluntary code of ethics. I must abide by these in order to be a professional accountant; otherwise, I lose my job and my designation. I would think if you compare the power that account has compared to a politician, the politicians—we should have at least the same code of ethics for political life. And, if people are not afraid of that, then it should be something you willingly do.

Conclusion, again, trust is the basis for any relationship, and if we see the actions that have taken place here—you demonstrate that you cannot be putting reliance on your character, on your ability to manage the moral strength or truth you supposedly represent. In Gandhi's words: Actions express priorities. Your actions have expressed your priorities as obtaining as much money as possible now without consultation, which I would suggest it parallels that of an addict's behaviour.

In short, you have broken a bond of trust and expressed priorities in parallel to criminal behaviour. When this happens, relationships are either separated at the parties because trust is too important to continue with, or reconciled because they both want to make it work together.

Madam Chairperson: Thank you, Mr. Harder. Appreciate that.

Mr. Struthers: Thank you, Mr. Harder, for coming to the Legislature this evening and speaking with us. We appreciate your advice.

Mrs. Stefanson: I, too, just want to thank you, Mr. Harder, for being here tonight and for your presentation. I think you brought forward some very compelling arguments here in terms of this PST increase and what it means on Manitobans. And, as an accountant, I just wanted to ask you, what are you hearing from some of your clients about this PST increase and how it will—what kind of an impact it will have on them?

Mr. Harder: I do have some clients, but I'm working in industry. So, as far as some clients that I have, a small-business owner is lamenting the fact that he has to—he already has so much pressure to do things on the side without having people pay tax, right? He's a man of integrity and he wants to do the right thing. He tells me he's going to lose business because of this tax, because he wants to do the right thing.

Madam Chairperson: Thank you.

Mr. Gerrard: Thank you. I think it's very helpful to have the perspective of an accountant looking at this carefully. I suspect you've looked at the budget and had a look at how the claims and counterclaims with regard to whether in fact this money will go to infrastructure. And I just—I'm not sure that that is a critical issue for you, but I raise it so you can comment.

Mr. Harder: I wanted to focus—I heard there'd be a lot of discussion today, probably, and other days, about the—what the economic impacts and the well—that'll be well covered. I wanted to just speak mainly today about the importance of integrity in leadership, and that's the main message that I wanted to bring across.

But, certainly, to answer your question, Dr. Gerrard, I look at that number—one number that keeps going through my head and I haven't heard from yet, is the deficit that this Province has, okay?

It's huge, okay? Over \$13 billion, and that should be a priority, if this does go through, that we certainly tackle that, too, because that is mortgaging the future for all of our kids.

Mr. Wishart: Thank you, Mr. Harder, for your presentation. I certainly appreciate your perspective from someone in the financial world that is used to putting controls on when it's necessary. But you touched on an issue early on that I think, frankly, is the big issue here, and it's loss of trust, which, I think, is something that you've reflected and we certainly hear that from others, and it will be something that impacts us all as elected officials in this province. And is there any way to reverse this process? Can we do anything to bring back the trust?

Mr. Harder: To answer your question, I'd just like to say that this is probably the last stop as far as the—you can choose a different path to go here, and if you continue on this cause, you'll cause the economic and non-economic cost of damage we talked about. But you can choose a narrow path, too, which would be to stop this dictator-style madness, really, and confront the voters honestly—referendum. And if there's good reasons, you know, go ahead. At least we'll respect the process. That would go a long way to reducing the damage.

Madam Chairperson: Thank you. Do we have any more questions? If not, thank you very much. Appreciate it.

We'll move on to our next presenter which is Mr. Clayton Rumley. Mr. Rumley. Is Mr. Rumley in the room? If not, he'll drop to the bottom of the list.

All right then, Ms. Lynne Fernandez. And do you have any written materials?

Ms. Lynne Fernandez (Canadian Centre for Policy Alternatives): I do.

Madam Chairperson: Okay, thank you. I'll let them pass that out, and if you want to go ahead and proceed.

Ms. Fernandez: Sure. On behalf of the Canadian Centre for Policy Alternatives Manitoba, I'm here to speak in favour of Bill 20, The Manitoba Building and Renewal Funding and Fiscal Management Act. Our support of this bill is based on several interconnected issues and arguments, which I will explain as follows:

* (19:30)

Firstly, this government has been cutting revenue since it took—first took office in 1999. It is now collecting around \$1.2 billion less every year than it did when it took office. The cumulative effect of these cuts has left Manitoba unable to deal with crises in physical and social infrastructure. Although Bill 20 is crafted to deal with the physical infrastructure crisis, which I will address next, CCPA has published extensively on why investing in social infrastructure is critical to job creation, and as such, a legitimate economic driver. If Manitobans are undereducated, undertrained, poorly housed, poorly paid and suffer from poor health—and we know that many do—all the physical infrastructure investment in the world will not increase our economic performance or quality of life. A recent CCPA report found that fully 63 per cent of Aboriginal children are living in poverty. We know that the Aboriginal population is the fastest growing in the province, and by draining provincial revenues through sustained tax decreases, we are missing the opportunity to invest in the social infrastructure that would lift these children out of poverty and improve our labour market performance and economic outlook.

That said, physical infrastructure is needed as well, and we understand that a series of federal government cuts in infrastructure spending have downloaded a heavy burden on provincial governments. This has exacerbated the problem of dwindling revenues brought on by provincial tax cuts and, unfortunately, bad luck in the form of flooding has now brought us to a crisis situation. You must react quickly to the most recent damage to our infrastructure.

CCPA's senior economist, Hugh Mackenzie, reports that spending on Canada's infrastructure has been in decline for 40 years. Public investment in infrastructure was as high as 3 per cent of GDP in the late 1950s, then declined steadily until recent fiscal stimulus spending temporarily reversed the trend in 2009. The 3 per cent of GDP trend of the 1960s and '70s went down to 1.5 per cent in the 1990s, and Mackenzie estimates that decline to equal a 24-billion-a-year loss in infrastructure investment, and this is Canada-wide. To give us an idea of the gravity of the situation, Mackenzie estimates that to maintain our existing level of infrastructure, we would have to invest on an annual basis 2.9 per cent of GDP, which is a bit more than what we were temporarily spending during the fiscal stimulus spending which the federal government has now ended. We repeat that this level of infrastructure

spending would simply maintain existing infrastructure.

It is generally accepted that Canada's current infrastructure stock is not sufficient to meet our needs. Prior to the point when our infrastructure gap appeared late in the 1970s, our infrastructure stock's depreciated value was equal to a bit more than 30 per cent of GDP. In order to get Canada's infrastructure value back to this level would require an annual investment rate of 4.3 per cent of GDP. Now, Mackenzie's calculations do not take into consideration the impact of floods in Manitoba, which have further added to our infrastructure woes.

Now, neither does his report disaggregate spending by province, so I referred to this year's budget papers and did some quick calculations. I estimated GDP for this year by giving it a modest 2 per cent—sorry, thank you. I estimated GDP for this year by giving it a modest increase of 2 per cent, bringing it in at just over \$60.5 billion. So your pledge to spend \$1.8 billion on infrastructure means we'll be spending pretty close to 3 per cent of GDP on infrastructure, so we're still well below the 4.3 per cent that Mackenzie recommends in order to address the infrastructure gap, let alone what is required to deal with the damage caused by extreme flooding.

We don't know any one person or any sector of the economy who does not understand that we need to spend on infrastructure. The business community understands this better than any of us, which is why even they support this increase. And as much as we can complain that the federal government has irresponsibly downloaded this responsibility to provincial and municipal governments, this will not change the facts that you have to live with. You can spend now or you can spend more even later. You have chosen wisely. Your choice is politically unpopular in the short run, as evidenced by the process we're going through right now, but clearly sensible and responsible in the long run.

Besides the obvious need to shore up our infrastructure, which will allow our economy to function more efficiently, the other benefit to this spending is the economic spinoff we will realize. For every dollar spent on infrastructure, \$1.06 circulates through the economy through job creation and increased spending.

So, having established that it's time to reverse 13 years of destructive tax decreases and begin to reinstate investment in infrastructure, we can now

turn to the issue of balanced budget legislation and the wrong-headed stipulation that the Province submit a tax increase to a referendum.

We have argued for years that balanced budget legislation needs to be eliminated. The idea of forced balanced budgets is counterproductive and just bad economics, so much so that few if any governments that have such legislation ever adhere to it when the going gets rough. Even Alberta, which also has balanced budget legislation, finds ways to skirt around it when needed. And we'll see what happens this year with the flooding that they've been facing, as well.

Research done by economists Wesley and Simpson shows that, and I quote: If the recent experience in western Canada offers any indication, our study suggests that balanced budget legislation does not always live up to its promise. If balanced budget legislation is designed to create a series of political legal constraints to prohibit budget deficits, prioritize fiscal constraint on economic downturns, restrain the growth of government spending and otherwise force governments to live within their means, the balanced budget laws in most western Canadian provinces were 'ajep'-abject failures.

At the same time, the staunchest critics of balanced budget legislation were also wrong in their predictions. Balanced budget laws did not prove to be unduly restrictive. They did not embed neo-liberalism and outlaw Keynesian counter-cyclical spending, nor did they remove the ability of governments to protect core government programs and services in times of recession. End quote.

Now, as one of those staunchest critics of balanced budget legislation, I would add that although the legislation did not prevent this government from 'ganjy'-engaging in Keynesian counter-cyclical spending, which was urgently required, it did force it to jump through a series of costly and counterproductive hoops in order to do what was merely sensible and prudent, especially in the throes of an economic financial crisis. We now have to go through yet another long-drawn-out public consultation in order to 'intcrease' the PST by 1 per cent, which by all sensible consideration, should be simply an administrative adjustment made by a government which was elected to carry out such business.

Using costly referendums for any sort of budgetary decision is fraught with problems besides

the obvious expense involved. To quote Loxley: When government subjects one narrow aspect of fiscal policy to referendum, it abrogates responsibility for its fiscal mandate and treats taxes in isolation from the broader policy and fiscal perspective. End quote.

This government has a fiscal mandate to attend to the issues at hand, whether they be shoring up social infrastructure or responding to the physical infrastructure crisis that threatens to hobble our economic development. Even the Winnipeg Free Press, hardly a bastion of progressive economic thought, was opposed to balanced budget legislation when it was introduced, arguing that it would hamstring the government and prevent it from prudent fiscal management. The Free Press claimed that balanced budget legislation—quote—is a silly idea fraught with danger—unquote—for the Conservatives and future governments.

In sum, the bleeding of revenue caused by tax cuts, which—and tax cuts never have to be submitted to a referendum, regardless of how reckless they are—combined with both the social and physical infrastructure crises, give this government no choice but to increase taxes on some level, so we do support this bill; although, we would have preferred that corporate and/or high-income-earner taxes had been increased instead. Given that we're also critical of both the spirit of balanced budget legislation and its ability to constantly inhibit effective governments of the budget, we also agree that no referendum should be called on this issue.

I would like to close with a quote from the former Conservative Premier of Manitoba, Gary Filmon, when arguing against use of a referendum to decide the question of the Winnipeg Jets arena, and I quote: In our parliamentary 'decon'-democratic system, people elect people to make judgments on their behalf, judgments that are ultimately in the best interest of the province and its future; we are in office with the mandate to exercise our judgment. We are pleased that you are taking Mr. Filmon's words to heart. Thank you.

Madam Chairperson: Thank you, Ms. Fernandez.

Do members of the committee have questions?

Mr. Struthers: I thank you very much, Ms. Fernandez, for coming in and speaking with us here tonight. I take your point in terms of the tax relief that has occurred over the last number of years—point taken.

I do have a question—I wonder if you've done any work in this area or if you have an opinion—Brian Pallister has said very clearly that he favours a two-tier, private, for-profit system of health care for Manitoba, and that if he was elected Premier, he would put that in place. What impact is that going to have on our provincial economy? What impact, in your view, would that have on everyday citizens?

* (19:40)

Ms. Fernandez: I—did he say that? [*interjection*] Oh, I find that quite shocking. I haven't heard that.

So a two-tiered health-care system would be better than what we have now—well, I mean, we know that then we would also have two tiers of patients, some who would get fast and efficient health-care coverage right away and attention, and others who wouldn't. It would split resources and we know that the resources would then go to where the money is, and the money would go to the private sector of the health care and the public sector would be left scrambling.

That would leave—I mean, I keep going on and on about—or we do, at CCPA, about this social infrastructure deficit and the number of poor people. The whole social determinants of health, which is an area that we have studied in depth, and one of the social determinants of health is actually having access to health care. Notwithstanding that, if you have proper housing and education and jobs and everything you're not as likely to get sick, but when you do get sick you do have to go and you have to have access to health care. And having a two-tier system would clearly prevent many people who already have many problems, because of living in poverty, et cetera, then, they would not have the health care that they need.

So I could not speak strongly enough against such an idea, and it would have a devastating effect, I think, on our province.

Madam Chairperson: Thank you.

Mr. Wishart?

Mr. Wishart: No.

Madam Chairperson: You had your hand up before—no.

Does anyone else have any other questions?

Mr. Struthers: Yes, just one more. I wanted to confirm that that is exactly what Mr. Pallister had said. It was on CJOB a number of weeks ago. That

was just a few weeks after he had proclaimed that there would be \$550 million cut out of the provincial budget, an indiscriminate across-the-board cut to every department, including health care. So I just wanted to confirm that that is, indeed, their position.

Madam Chairperson: Ms. Fernandez, did you want to comment?

Ms. Fernandez: Thank you for your information. It's clearly something that we're going to have to look into.

Madam Chairperson: Anyone else with questions? No. Okay. Thank you very much for coming.

And our next presenter is Elfriede Kuenstler. If I am saying that name wrong, please correct me.

Ms. Elfriede Kuenstler (Private Citizen): I have some sheets.

Madam Chairperson: Yes.

Ms. Kuenstler: But I'd rather you listen to me read.

Madam Chairperson: Okay. Would you like them distributed after instead, then, or?

Ms. Kuenstler: Sure. It's like—yes.

Madam Chairperson: Okay, and I'll just remind everyone, if you could keep your papers off that microphone that's on there, just for the Hansard's ears. Thank you so much.

Ms. Kuenstler: Thank you for this opportunity.

I am a senior and I am poverty line. Just so that—I would love to speak to all the issues that were presented, but no time.

Reasons not to raise the PST, my presentation is partly in response to the propaganda that arrived at my residence recently. I almost gave up coming in until I read this. The presumption by our current government that our PST is the third lowest in Canada is based only the provinces or territories that actually have a PST. There are four that have no PST at all. Based on all constituents, we are in the middle of the pack.

Manitoba has almost the highest personal income taxes in the country; only Saskatchewan, one fifth of a per cent is higher, however, Saskatchewan only has a 5 per cent PST. At the end of my document is a comparison of taxing. I'm excluding Québec because it's under a different tax system altogether.

For example, Ontario taxes are 5.05 per cent personal, as opposed to Manitoba's 10.8 per cent personal provincial taxes, putting ours to double that of Ontario, whereas Ontario presently has an 8 per cent PST, which is where we are proposing or have gone.

The propaganda sheet refers to spending cuts implemented ten years ago. I was also around and considered it prudent. I was also around 50 years ago in the working force before public health care was ever available and CPP was just being implemented.

One of the biggest spending sprees began with the creation of the WRHA, creating a huge hierarchy of departments, lots of top-heavy administration, much more confusion than ever existed before in our hospital staffing. And I have health-care people in the family.

My suggestion is that the government streamlines their spending instead of expanding it. The thought to improve schools and health centres sounds good, but why did the government revamp education in the first place, that in the last years we regressed with teaching our basic three R's like reading, writing and arithmetic to the extent that our students lag behind in the country's comparisons. Why are we concentrating on social concerns over teaching school? I won't even start with Bill 18 and what it concentrates on.

What is wrong with our health centres right now, other than that we go to the emergency for minor cuts and bruises instead of putting a patch on at home. People use the ambulance service as though it was a taxi ride. I've seen it many times.

The suggestion of redirecting savings to the services for families is quite ambiguous as well. If it means opening up more public funded daycares, school breakfasts and lunches, organized sports and drop-in centres and so on, it may simply encourage lazy parents to abdicate their duties to their families even more.

Many of these families already are heavily subsidized in their existence and it often empowers them even more to spend time away from their children. I think it is very socialistic to use taxpayer's money to fund that. Overall, our families were stronger before all the social services were offered.

Our welfare/social programs are so generous and tax exempt that persons have no incentive to go to work and pay taxes on their earnings. A Metis descent youth in high school, for example, may

receive well over \$500 a month, just because. In the end, also, those young people are allowed to attend university free of charges, whereas taxpaying others pay everything.

Why I'm in opposition to overtaxing and then distributing the proceeds freely? It is because I have seen first-hand the long-term effect.

I was born several years post-World War II in East Germany, the third in a family of five children. My family, in miraculous steps and stages, was able to flee from East Germany to West in 1953. There we lived as displaced refugees until five years later—our own home country—when in 1958 we had the privilege to immigrate to Canada sponsored by our relatives in Winnipeg.

There was no assistance provided by Canadian governments to help us settle in. Every help came from kind, private individuals or taking up a loan from the bank. There were no English classes, no health care and any other benefits. Somehow, we all five kids grew up and were able to attain jobs, some education and make a life here.

Why am I telling you my story? I have seen what socialism and communism does to a people. This is now after the wall came down in 1989 of November, my late husband and I, in 1990, returned to my birthplace, a small city on the East German/Polish border. East Germany had become totally rundown, the countryside looking poor with dilapidated buildings. The greater the government takes control and tries to distribute commonly, the less incentive there is for individuals to try hard and achieve. Much has changed since communism, but the mindset of those people is hard to change. We have to foster a better work ethic instead of handouts.

I now have three grown children with families of their own. By the age of junior high, each of my kids had little jobs and by the time they graduated from grade 12, each of them had saved enough money to pay for their first year of university.

Continuing with part-time work during the school year and working for the four months in summer, they were able to keep abreast each year with paying their tuition and so on. Each of them graduated with a degree, never having taken a single dollar of student loans.

Nowadays we keep increasing the loans while the students fly to destination holidays, texting and doing who knows what.

It seems foreign that anyone should have to work for anything. We have produced a society of takers and very few who care to give. Unfortunately, all the assistance has to come from somewhere, namely the taxpayer and consumer, who actually pays the PST.

Our senior population is quickly expanding in numbers and I am in that category. Many programs are geared to making our life easier, and that is appreciated. However, in my observation, there are many seniors who hesitate to cash in their RSP's because they would rather be considered to qualify for the Guaranteed Income Supplement, while they keep their half a million or more in the bank account.

Our nursing homes are great caring facilities for people who need to be there, but the bank accounts of these people are not really considered, rather only the income. In Ontario, the subsidy by the government is considerably less and people have to pay from their own resources and savings. I know that would be unpopular, possibly in my own future, but we have to consider the young working people of our day and be careful not to burden them with the aging society and their wants.

Everyone knows that nothing comes from nothing, someone has to pay—people before me have spoken to this. Let's expect everyone to contribute and be fair to all, especially those who have to—who pay their own way in society.

In private, if I earn a hundred dollars, I cannot spend more than a hundred dollars to keep afloat. I need to live within my means. The government needs to learn to work with what comes in and be diligent to serve all the people's interests and services, not just those who would like a free ride.

* (19:50)

Furthermore, this is not in the official script that you have, and this is not in your—provide the text, yes. The matter of infrastructure, especially in response to floods: Residents in communities that choose to build and live in flood-prone areas such as near rivers and lakes have to be aware that natural disasters happen and that you place yourself in the path of fire or flood. You may be overtaken and goods may perish. This is not speaking to the fact that we had created infrastructure that directed waters into either waterways and so on, and I totally empathize with what took place—and unforeseeable. That's another point. The government cannot possibly predict and prevent natural disasters. And

we cannot, as people, expect the government to dish out and dish out. I mean, the horror stories that came in about the communities that were housed in hotels and the spending that took place. I don't go out to eat a whole lot. I don't have that kind of money, but a lot of money was wasted in those hotels just eating out—just a small thing.

Families, second point: Families in need—again, big announcement in today's Free Press, of assisting families, particularly the Aboriginal community. It all sounds good, but why is the money that is currently given to these people not sufficient? My understanding is that, per child, a hefty sum is already provided. My understanding—it means the more children, the more cash. Some recently drew attention to the fact that these families, often single—single parents—who knows where the father is—produce eight to 10 children. They said they're baby machines. The rest of society would be hard-pressed to provide for such a large family.

Lastly, I am disappointed that a Premier would go back on his word not to raise the PST without a referendum, and now it is already in effect before it is solidified with a vote or a referendum.

I am all help—I am all for helping the underprivileged people. I'm also involved in charities and personal giving to needy, but I am not in favour of handouts endlessly. We are going to run out of money. The working numbers are decreasing. Our children and grandchildren will not be able cope.

Madam Chairperson: Thank you very much for your presentation.

Mr. Struthers: Yes, I want to thank you very much for coming down and speaking with us tonight, Mrs. Kuentler.

One of the things we did in—not this past budget, but the budget before, was that we actually took your advice, what you just gave us, in terms of watching how we spend our money. We—when we became government, we had 13 regional health authorities, all with their administrative structures around the province. We reduced that down to five. We saved millions of dollars in health care that we now can move into the front lines to help people who become sick and need that health care.

Is that the kind of model we should use, in your opinion, elsewhere in government to reduce administrative costs and redirect spending?

Ms. Kuenstler: Thank you. I do have health care workers in the family, so I do hear a lot of stories, and I'm someone who's been in there for 20 years, so they've seen things come and go. And I think once the system was streamlined there's probably a lot of good in it. And I do believe in home care; I think that's all good.

What model should we use? I think that this whole idea—my husband, unfortunately, died with cancer and we spent a lot of time at ERs and observing what happens in the ER. Unfortunately, at Health Sciences, I would say 80 per cent of the people were not sick. They were just drunk or whatever, and they were delivered by ambulance. I know of people who are elderly who are right now kind of struggling, not knowing how to live life alone. They call an ambulance, but, really, it's not an emergency. Like, there are just so many things that are—I know a lot of private—like Blue Cross and so on are covering, but, in the end, it all comes from somewhere. And there's just a lot of streamlining needed. I truly believe we need to work within our revenues. We need to—and I do believe in balanced budgets.

Madam Chairperson: Thank you.

Mr. Cullen: Thank you very much for coming down tonight. I do appreciate you making the effort to come down and we appreciate hearing your personal story. And, certainly, thanks for putting some of those taxes we have in Manitoba in perspective relative to other provinces; I think that's very important. And you did provide a lot of useful information that, hopefully, the Minister of Finance (Mr. Struthers) will be listening to. So I just want to say thank you very much for coming, and it's certainly good to hear your voice as a senior, as an important part of our population. So we do appreciate you coming down tonight. Thank you.

Madam Chairperson: Thank you.

Does anyone else have any other questions? If not, thank you very much for coming down.

Our next presenter is actually a substitution. In the place of Mr. Paul Olson, Mr. Norm Gould will be presenting.

Is Mr. Norm Gould here?

Mr. Norm Gould (Manitoba Teachers' Society): Yes.

Madam Chairperson: And do you have any written materials?

Mr. Gould: Yes.

Madam Chairperson: Okay. Staff will help you distribute those.

Mr. Gould: Paul sends his regrets. He's at home ill. Otherwise, he would've been making the presentation.

Madam Chairperson: Thank you. Thank you for coming in his place. Please proceed.

Mr. Gould: My name is Norm Gould and I'm the vice-president of the Manitoba Teachers' Society. Thank you for the opportunity to make this presentation to the Legislative committee considering Bill 20.

Prior to being elected to a leadership position with the Manitoba Teachers' Society, I was a classroom teacher, guidance counsellor and resource teacher. Part of the reason I became involved with my local teachers' association with MTS was the regressive legislation and budget cuts of the '90s that were passed as part of the austerity measures of the Filmon government. These measures led me to leave the province for a three-year period to teach English as a second language in Japan. There's a whole generation of activist teachers who became involved in the Manitoba Teachers' Society because their students and schools were directly affected by the cuts at that time.

These teachers would never have become involved in MTS politics or politics of any kind if they hadn't seen the impact of those cuts with their own eyes. The 1990s were a time of frozen or reduced provincial operating funds for public schools, which, with inflation, is simply two different levels of cuts. With less money coming from the Province, more of it had to come from local communities. In those communities, without the tax base or the political will to raise the revenues that were needed, opportunities and programs for students were cut. Art, music and athletic programs were cut. Guidance counsellors and librarians were cut. More than 700 teaching positions were lost in a period of relatively flat student enrolment. Class sizes grew and textbooks and other supplies were rationed.

The current government is still trying to recover from a decade when minimal investment was made in public school infrastructure. One cannot reduce or eliminate funding for an extended period and then simply turn the tap back on and expect that normal

monthly or yearly support levels will suffice. There is a lost ground to recover.

In addition to these cuts, the government of the day passed Bill 72. The legislation stripped teachers' bargaining rights, recognized by the UN charter of rights and the Supreme Court of Canada as human rights, incidentally, and enabled school divisions to argue ability to pay. Despite being repealed in 2000, the Bill 72 era is still referred to by members, many members, as a black time for teachers in Manitoba. During that decade, teachers lost 18 per cent of their salary due to inflation. On top of this, Bill 22 resulted in the loss of professional development days for some teachers. For a decade, no amendments were made to the teachers' pension plan. Teachers were willing to pay more into the plan, but no one would listen. Our pension plan became woefully underfunded.

Manitoba Teachers' Society members actively protested all of these cuts in the mid-'90s. We marched on the Legislature, attended government consultations en masse, spoke at legislative committees like this one and spent members' money on public advertising. I would emphasize that this sort of treatment of any group has a double impact. The first is a direct attack on the welfare of the groups' members; the second is the resulting impact such cuts have on the people served by the group in question, which, in this case, is students.

We knew that schools were deteriorating as a result of these cuts. Our polling of Manitobans during those years confirmed that classes were getting larger and there were fewer resources like textbooks for Manitoba students. It takes many years for public schools to overcome a decade of short-sighted decisions made under the pretext of balancing the provincial budget. I'm here today to speak in support of Bill 20 because we have seen the havoc created in public schools when a government is hell bent on balancing a budget without regard to making public services like health and education a priority. Investment in a public good, like public education, is not governed by the same rules of deciding whether you can afford dinner out. Public health care and public education are not the same as a trip to Hawaii. Austerity works on luxury items, not on basics.

Governments make tough choices about revenues and expenditures all the time. Our experience as teachers is that when governments choose to reduce supports and service for education,

there is a direct, material impact on student welfare and learning. The Teachers' Society would typically have no position as such on the advisability of raising or lowering the PST. We very much have a position that it is the responsibility of government to adequately fund education so that the child welfare is the top priority and quality learning can take place in a safe building and reasonably sized classes with modern materials and learning resources.

* (20:00)

I was a teacher during the last period of significant cuts to education support in this province and the impact on children was real and long-lasting. I'm here today because the teachers of Manitoba support the legislation that demonstrates the government has chosen a different path to one that would place the burden of short-sighted leadership onto the backs of students.

I would like to close by quoting the Nobel Prize-winning economist, Paul Krugman, who can make the case that legislation like Bill 20 is taking the right approach more eloquently than I can: part of the answer surely lies in the widespread desire to see economics as a morality play, to make it a tale of excess and its consequences. We live beyond our means, the story goes, and now we're paying the inevitable price. Economists can explain ad nauseam that this is wrong, that the reason we have mass unemployment isn't that we spent too much money in the past, but that we are spending too little now and that this problem can and should be solved. No matter, many people have a visceral sense that we sinned and must seek redemption through suffering and neither economic argument nor the observation of the people now suffering aren't at all the same people who sinned during the bubble years makes much of a dent.

So thank you very much for the opportunity to present on this significant issue on behalf of the 15,000 public school teachers in the province of Manitoba.

Madam Chairperson: Thank you, Mr. Gould.

Do members of the committee have questions?

Mr. Struthers: Thank you very much, Mr. Gould. Thanks for coming and speaking with us here tonight. I, too, was a teacher in the '90s and I remember the cuts and the impacts that they had on my classroom out in rural Manitoba. I also remember being an MLA and—from '95 on—and I remember the protests of which you speak and the draconian cuts

that the Filmon government put in place then. I would point out that Mr. Brian Pallister was a member, a Cabinet member, at the time of those decisions, those cuts to education and has today proposed a—what his solution is and that is further cuts. This year we funded education, public schools to the level of growth of the economy, 2.3 per cent, that meant about a \$27-million increase to public schools. Mr. Pallister has indicated a minus 1 in terms of across the board, to every department including education. That would mean a decrease in funding somewhere in the tens of millions of dollars in education alone.

Can you tell us what that is going to mean if Mr. Pallister had his opportunity to come through with that, what would that mean for the kids in your class?

Mr. Gould: If there's a reduction in educational funding, it certainly has a direct impact on the classroom environment for students throughout the province of Manitoba. We have equity issues as you are all well aware in different parts of the province in the haves and have-nots, and that would be further exacerbated if there was funding cuts within the education portfolio. It would have significant cuts—certain cuts—or impacts, certainly, in class size, resources available for students. Transportation would certainly be affected. It would have a over-all negative environment, never mind, what impact—negative impact it would have, certainly, on the trustees within school divisions and would force their hand in terms of increasing the mill rate and a greater burden in that regard on ratepayers within the province.

Mr. Gerrard: Thank you for coming and presenting. I applaud your standing up for the importance of education and the emphasis of—on education.

One of the things that we're really considering here is the trade-off in terms of increasing the PST and—sorry—the trade-off in terms of increasing the PST and money spent on infrastructure and whether the—we have enough money at the moment or whether we need 200 or 300 million more as of next year.

You're aware of the current status in terms of infrastructure for schools, and perhaps you could comment on that.

Mr. Gould: With a K-to-3 20 initiative there's money being put forth that I know that capital predictions are being figured out by school divisions across the province to have the K-to-3 20 initiative

put in there, so there's—whether it's looking at portables, additions to schools or additional buildings being built. So that is being addressed as well as increasing the number of teachers to keep the K-to-3 20, the 20 students or less within the school environment for the students in kindergarten to grade 3. So you have that's going on presently. So that—we recognize that that commitment has taken place.

As I said during the presentation is that normally we would be neutral on the increase or decrease in the provincial sales tax. What we are concerned about as teachers within the province of Manitoba, is that—and as citizens within the province of Manitoba—driving on the roads, going over the bridges, experiencing the flooding that takes place within the province—is that you combine that with education, and essential infrastructure shouldn't be sacrificed at the expense of other things—that if things are going to go, what we don't want to have is certainly education being one of the priorities that are dropped or as—not keeping pace with GDP or growth within the province of Manitoba. Those are the concerns of the teachers across the province.

Madam Chairperson: Thank you very much.

We have only a short time left. Does anybody have a very quick question, or we're good? All right. Thank you so much, Mr. Gould, for coming.

Our next presenter is Mr. Keith Bazin. Oh, and do you have any materials? Sorry, Mr. Bazin.

Mr. Keith Bazin (Private Citizen): I sure do.

Madam Chairperson: All right. Get our staff to help you with that.

Mr. Bazin: First of all, I would like to thank Mr. Struthers for trying to raise the 1 per cent and getting more money out of me, but I already bought my hybrid tent trailer before he raised the income—PST, so I beat you to the punch.

What I have to say is, when I heard about the recent PST hike, I was—I'm completely against that. There's no reason for it. It's totally, fiscally irresponsible.

In the last five years, the NDP government has not been fiscally responsible. Manitoba has one of the most highest tax—is one of the most highest taxed provinces. We are currently ranked seventh in different forms of taxes, which include such taxes as the PST—which you want to increase, which you have increased—school taxes in Manitoba,

entertainment tax, fuel tax, capital gains tax, property tax, income tax, the list goes on. Yet people of Manitoba have a debt burden of \$30,156 per person. And that really hinders me because I'm a young person in Manitoba, and I currently pulled myself out of debt, and I don't want to take on the debt that has been accumulated but I have to because that's part of what living is all about.

As shown later, I will—you'll learn from other—we can learn from other provinces. In the last five years, the government has not increased the—increased the tax bracket income for income tax which I have—I currently talked to your office about. I sent a letter to your office about that. We pay the most taxes, yet our roads and bridges are crumbling to pieces, and I can specifically state that because I'm a class 1 driver, and to be honest, I can't wait 'til I get to Ontario. The roads are so much smoother.

The Premier (Mr. Selinger) and the Finance Minister should be ashamed that they are—that they have broken their promise to the citizens of Manitoba. If the PST hike is not put to a referendum, it will show in the next election—suicide watch.

The government blames the flooding for the increase, but yet Saskatchewan gets floods, too, and they are 3 per cent lower than Manitoba. By increasing this tax, you slowly—it could slowly—slowly people will stop spending and you could end the raising in prices.

As you can see, at the chart I made, we are now the highest taxed province and this is close—not including all of the other taxes mentioned before. We are seven provinces—we are seventh in the provinces with the highest debt burden. If you look at the chart, we have Nova Scotia, which is currently at 10 per cent with a debt burden of \$32,824 per person. That's the highest. We have the lowest, which is Yukon, which by far does not have a provincial sales tax and the debt load is \$12,700. Just within the provinces, not including the territories, Alberta has a zero per cent PST and has a debt load of \$14,544.

I don't understand how the government of Manitoba can stand there and say to people that this is fiscally responsible and that we should be putting more debt on people. The way you look at it, the money that is being spent right now is being spent irresponsibly and should be spent in a much more fiscal and responsible way.

* (20:10)

There is—like I said, the roads between Manitoba and Ontario are so bad every truck needs a new front-end alignment once it gets back from a trip because going down Highway No. 1 you're bouncing up and down. And, gladly, I have air-ride suspension so it softens the blow a little bit.

But, with that being said, I've spoken my mind. I've told you that we should really reconsider this and you should put this to a referendum. And if not, I've talked to a lot of people, family and friends, and they all said that they will not support NDP in the next election.

Madam Chairperson: Thank you very much, Mr. Bazin.

Before we go to the questions, I just wanted to mention to everyone—I forgot to mention this at the beginning, that just reminding committee members that questions addressed to presenters are for clarification based on information contained in the brief. So just so everyone's got that, and we will go on to questions.

Mr. Struthers: Yes, thank you, Mr. Bazin. First of all, I'm glad you came and spoke with us here this evening.

Second of all, I'm glad that you made your purchase under the wire and saved yourself a little bit of money. I think that's just fine. And I also want to thank you for contributing to our economy that way too, and that is something that we need to continue in Manitoba.

You make a very good point in terms of the road conditions, and I know what that means for you personally. What does that mean for your industry? Give me a sense of the impact of the road conditions on your—the trucking industry overall.

Mr. Bazin: Well, you take into consideration you have a truck that's pulling 43,000 pounds down the highway, and that's on a triple axle, not only do you have the tension from the back, but then you have the constant bouncing from the front, and I've—I know from just my own standpoint, my company has to send trucks in constantly for repairs on front ends because of wheel alignments. You know, like, otherwise freight bounces and people get busted merchandise and then, you know, everything—it's a compounding effect.

And like I was saying, the PST should—with the PST going up 1 per cent, that drastically affects everybody, because now, like, I deliver produce

inside the city too to little Asian stores around the city and, you know, their bill has gone up from, like, 350 to almost 355, 356, you know, depending on where they're at, you know, and how much product they have coming in. So it affects them in the long run and they just end up passing it on to the consumer.

It doesn't, you know, so—and you also got to take into effect that they—just recently the federal government has eliminated the penny, so now it's not only 1 per cent on the original price, if you pay cash it's 1 per cent on a higher price because you get rounded up to the nearest nickel or rounded down to the nearest nickel.

Madam Chairperson: Thank you.

Mrs. Stefanson: Thank you very much, Mr. Bazin, for your presentation. I just wanted to say that I thought it was a very impassioned speech and, as you said, you spoke from the heart and you did so very well, and I just wanted to thank you for your presentation tonight.

Madam Chairperson: Thank you.

Does anyone have any other questions? If not, thank you very much for coming.

Our next presenter will be Mr. John Loxley. And, Mr. Loxley, do you have any written materials for distribution? Yes, and if the staff could help Mr. Loxley, please. And if you could just feel free, go ahead.

Mr. John Loxley (Private Citizen): Good evening, ladies and gentlemen. My name is John Loxley, I'm a professor of economics at the University of Manitoba, and it's my pleasure this evening to speak in favour of Bill 20.

I have a number of reasons for doing so. First of all, the bill sets forth a fiscal framework for riding out the recession without severe cuts to social programs.

Second, it sets a reasonable time limit for restoration of fiscal balance of 2016-2017.

Third, it provides for a time limited increase in the PST from 7 to 8 per cent; the time limit is 10 years.

Fourth, it ties the increase in the PST to increases in infrastructure spending for which both municipalities and the construction industry has been calling.

Fifth, it dispenses with the need for a referendum for that increase in the PST, which I think is sensible.

The background to the fiscal challenge in Manitoba, indeed in the whole of Canada, and more or less the whole of the western world, was the massive and largely unexpected shock to the global financial system in 2007-2008. This translated into a global fiscal shock in the following year. All provincial budgets and the federal budget were thrown for a loop throughout Canada. So, and throughout Canada, a legislated, balanced budget restrictions on deficits were sensibly dropped or suspended.

Such legislative restrictions were never appropriate anyhow for dealing with even moderate recessions, leave alone deep ones. They were fair-weather propaganda tools at the best of times, useless in a deep and prolonged economic recession. What was needed was maintenance of government stimulus to prevent income and employment levels from falling steeply. This approached—this approach has worked better in some parts of Canada than others, and I would say does work quite well in Manitoba where growth has not fallen and where unemployment rates have been held to very low levels.

The emphasis on infrastructure is sound economically and helps set the stage for future economic growth. Annual reporting will ensure that infrastructure spending targets are met.

Fiscal balance has to be restored and debt reduction has to offset the temporary increase in borrowing that increased deficits entail. This is more easily attained as income and employment growth are strengthened over time. Aiming for budget balance in the coming four years is roughly in line with the federal strategy and appropriate for an economy like ours, which offers stable but usually unspectacular economic growth rates. It is consistent with restricted growth in government spending and moderate increases in taxation.

The increase in the PST amounting to about \$275 million in a full year comes on the heels of over a decade of deep cuts in taxation in Manitoba, totalling almost \$900 million. It helps pay for a much larger investment in physical and social infrastructure that all sensible people agree is necessary. After years of tax cuts, the challenge is going to be restraining government expenditures to the very modest targets set in the face of large, unmet demands for services.

As the economy then moves into a period of consolidation, the need for the PST increase will gradually be reduced so that after a decade it is not unreasonable to expect it to be repealed. The balanced budget legislation was 'pully' conceived to deal with recessions.

On the requirement for a referendum before increases in the rates of major taxes can take place is even less sensible. The whole issue of referendums for tax increases is problematic. In Canada, referendums at the provincial level have traditionally been restricted to issues concerning the sale of liquor, daylight saving time and constitutional matters. Budget matters have not been dealt with via referendum, and there are good reasons for this. Governments are elected on political platforms including fiscal platforms.

Now I repeat what you've heard before, unashamedly. For government to subject one narrow aspect of fiscal policy to referendum is to abrogate responsibility for its fiscal mandates and to treat taxes in isolation from the broader policy and fiscal perspective.

And I repeat, as Premier Gary Filmon of Manitoba put it when arguing against the use of a referendum in the Winnipeg Jets arena fiasco in the 1990s. In our parliamentary, democratic system people elect people to make judgments on their behalf, judgments that are ultimately in the best interest of the province and its future; we are in office with a mandate to exercise our judgment. That was Gary Filmon, 1995. This speaks eloquently to the case against using referendums for tax purposes too.

* (20:20)

The Conservative government was even mildly rebuked by Standard and Poor's bond-rating agency for this aspect of the balanced budget bill when it was first introduced. And Standard & Poor's felt it could reduce revenue flexibility, and you've already heard that. But the Winnipeg Free Press was not known for enlightened stances on fiscal policy, called for the bill to be withdrawn because it would reduce flexibility and creativity. As you heard, it was a silly idea.

If the public is unhappy with Bill 20, the solution lies in the ballot box, not in the courts or referendums. By the time of the next election, the fiscal logic underlying Bill 20 will have been put to

the test and the electorate will decide whether or not that logic was politically sound.

Thank you.

Madam Chairperson: Thank you, Mr. Loxley.

Do members of the committee have questions?

Mr. Struthers: Yes, thank you very much, John, for your presentation. Thanks for coming to the Legislature tonight.

I'm—I was very interested to read a number of articles coming out of Great Britain, where the government there was criticized for going too far in being tight-fisted, and actually slowed the economy down there in that country. On the flip side of that, our approach is to take the 1 cent on the dollar, that revenue, and inject it back into our economy through infrastructure, particularly flood infrastructure, which serves a lot of purposes.

Have you done any work in analyzing exactly what kind of ratios we're dealing with when it comes to investing in flood proofing and flood mitigation projects within our province? Do you have any thoughts on that all?

Mr. Loxley: No, I haven't done any ratio figuring. But I'm aware of the broader issue that you mention. I studied the European crisis in different countries. What is interesting about that crisis is that they're doing things that are very different from what we're doing here in this province, as you say.

The International Monetary Fund, which in the 1980s and 1990s was severely criticized for being far too negative in its approach to economic policy, has recently criticized both the United Kingdom government and the European Central Bank for being far too negative in their approach to solving the European crisis. So it's leading, in their opinion, to much higher levels of unemployment and much lower levels of economic activity, which, in turn, of course, reduce tax flow. So you get a, kind of, cumulative effect that we had in the early 1990s, where we create our own deficit by putting people out of work. So that's the general picture.

In terms of flooding, I think one has to do what one has to do with flooding. And there's not a great deal of room for maneuverability in prevention.

Mrs. Stefanson: Thank you very much, Mr. Loxley, and thank you for taking time out of your schedule to be here tonight and for your presentation.

I noticed in your presentation part of it says, and I quote: "Governments are elected on political platforms including fiscal platforms."

Of course, one of the reasons why so many people are coming out to committee to talk about this, is that the government and the Premier (Mr. Selinger) ran on not—and got elected—on promising not to raise taxes. So I'm wondering if you have any comments with respect to that.

Mr. Loxley: Yes, thank you.

I think if one had looked at what was happening in 2006 and developed a fiscal stance in 2006 and applied that to 2009, those numbers would have been completely false; they would have been out of the window.

And, similarly, what's been happening recently is that positions are taken on a fiscal stance, but the fiscal situation becomes a lot more complicated. It depends on what's happening domestically, internationally and nationally.

So fiscal situations change. Fiscal positions change. You then go back to the ballot box and you make your case, is what I'd be doing.

Mr. Gerrard: Yes, you make the case, Dr. Loxley, that there's been a \$900-million decrease in revenue in taxes. I was just looking at the figures. In 1999, the revenue from the PST was \$909 million; it's now \$2.2 billion and \$47 million. The income tax was \$1.6 billion; it's now \$2.95 billion. The corporate income tax was \$205 million; it now is raising \$413 million. The land transfer tax was raising \$12 million; it now raises \$74 million. The payroll tax raised \$230 million in '99 and now raises \$433 million. The total tax take in '99 was \$3.6 billion and it's now \$6.8 billion.

There are clearly circumstances where you need to find a level of tax that people are willing to pay, and if you put it too high, you will have people and businesses moving out of province and it's not—I don't know where you get your \$900-million loss in taxes, but it's not there in the numbers.

Madam Chairperson: Mr. Loxley, just briefly.

Mr. Loxley: It is there in the numbers. You are quoting different numbers. The numbers you are—well, I know exactly what you're quoting. I know exactly where it's coming from. You're quoting the taxation that was levied in '99 and comparing it to what was levied in 2012-13. The number I'm quoting is the tax cuts that the government made specifically

each year 'cumulated' up to 2012. In other words, had they not made these tax cuts, tax revenue would be higher by, it's about 880 or 900 million dollars. So we're talking apples and oranges.

Madam Chairperson: Thank you, Mr. Loxley. Our time has expired for questions. Thank you so much for coming out.

Our next presenter is Ms. Shauna MacKinnon. Do you have any written materials for distribution?

Ms. Shauna MacKinnon (Private Citizen): No, I don't.

Madam Chairperson: Okay. Thank you. Please proceed with your presentation.

Ms. MacKinnon: Okay. My name's Shauna MacKinnon. I'm a professor in urban inner-city studies at the University of Winnipeg, and I'm here to register my support for Bill 20.

I strongly believe that the government needs to take action immediately to increase revenue. I have not always agreed that PST is the best route to take. I would like to see further explanation of other avenues such as increasing taxes of high-income earners and corporations. I think measures such as these would go far to increase revenue while also decreasing the growing inequality which we know to be causing all sorts of serious problems across the country and also in our own province. And these measures would exempt low- and middle-income earners from paying more, and I think that's also important.

Nonetheless, I have come to agree that the increase in the PST at this time is a reasonable way to generate a significant amount of revenue from individuals and businesses alike that is much needed. So it looks really that this is the biggest—we get the biggest bang for our buck with this particular intervention at this time, and I think it's much needed to not only address some of the infrastructure problems that we're looking at redirecting this to, but also to look at some of the social needs that I think needs to be also made a priority.

I'd like to also say for the record that I don't agree with those who are arguing that the decision to increase the PST is undemocratic, and a few other people have spoken to this as well. I also believe that we elect our governments to make these kinds of decisions, and if we don't like them, we can participate in processes like such as this one to voice our concern. And if we are displeased with the overall policy direction a government is taking, we

can then participate in the democratic process at election time.

I also find it very interesting that those who are quick to call the decision to increase taxes undemocratic, don't seem to be concerned about this when taxes are cut. Now I know that balanced budget legislation does not treat tax cutting in the same way as tax increases but nonetheless there are many people who believe that cutting taxes is not and has not been in our best interests, and we don't hear people calling for referendum each time those sorts of adjustments are made on that side of the balance sheet. So I think we need to kind of put this in perspective a bit.

In the last couple of minutes I have, I would like to shift focus though from the specifics of the PST increase and just focus a little more on the philosophical issues that I see in terms of a culture shift that we've been seeing in the last few decades, and I find this very concerning and we've heard some of that certainly come out today in some of the presentations. On the one hand, we seem to have become far more individualistic, not wanting to contribute to the collective good through taxation, wanting more money in our pockets to take care of our individual needs and wants, and on the other hand, we don't want to give anything up. We want all of the same services and then some.

It simply isn't sustainable and this is what we're seeing playing out now. Now that the economy has cooled as other have talked about, we're seeing the impact of cumulative tax cuts, and not just here in Manitoba, across the country. And the only options we now have are to either increase revenues or to look at cuts. We just can't have it all.

* (20:30)

But many citizens have come to believe that we can have it all, and I personally blame, in part, governments and politicians for alluding people to believe that this is—that we can have it all; that we can have all of the services we have come to rely on; we can have more investment in education; we can have new schools; we can have new arenas and football stadiums; we can have universal, high-quality health care, child care, care for our seniors; new and well-maintained roads, public parks; income supports for the most vulnerable; housing, et cetera; and we don't have to pay for them. Or, at least, we can pay less and get all of those things and then some. It's odd logic to me. I don't understand where this comes from and how people add this up, but,

nonetheless, this seems to be the belief that people have come to—that has come to be quite common.

So the easy explanation, then, of all of this, and the opposition's line, is that government is wasteful, and, if it would just tighten its belt, the fiscal problem would be solved. This is a myth. We're seeing how this works on a federal level right now with the drastic cuts in important social and environmental programs in the name of paying down a debt that was, in part, the result of drastic tax cuts, including the 2 per cent cut in the GST. We're also—we also saw this play out, as others have mentioned, in the 1990s, with a barrage of cuts to programs for the most vulnerable, including those on social assistance, cuts in social housing and cuts to really important preventive programs.

And I can speak from personal experience on this in my—with my experience in the inner city, that while, you know, we can talk about the impact that the increase in the PST will have for low-income people—and I do believe that there are some issues with that, but they can be balanced and have in some ways—the cuts to social housing, the cuts to social assistance, these things are far more detrimental for people who, in low incomes, than are the \$25 increase in PST. So, you know, I don't particularly like people using low-income people as a reason, you know, to not do this.

There are, of course, always places that can be tightened up in government, just as there are in any private sector enterprise, in any household, for that matter. But it's not going to add up to the kind of money that we need to adequately meet our very real physical infrastructure needs, as people have talked out—about, but also the social education and health needs that make a society healthy and contribute to a strong economy. So I believe an increase in taxation is long overdue, and I give the government kudos for taking this very bold step.

I really will be—I'm hopeful that Manitobans who are opposed to this increase will put their individual interests aside and think this through a little bit more carefully and also think about it in context a bit. I find it a bit shocking, some of the language around, you know, the—this 1 per cent increase and what this means in terms of the impact. The reality is, and others have mentioned this, that Manitobans are far-paying far less in taxes each year than we were in 1999, and we're going to continue to pay far less with this very small increase in PST. Provincial finance experts estimate an additional cost of approximately

25 per–\$25 per month for the average household, but, of course, this is going to generate an estimated \$277.6 million annually, and this will benefit us all in many, many ways.

Again, my one concern about the PST is that it does have a relatively higher impact on low-income households, and so I encourage the government to do more to look at how that can be offset. And I would like to see some of it go to be allocated to increase the EIA allowance, rental allowance, for people, and this is much needed, and I was disappointed not to see that.

But I believe that the majority of Manitobans, if given accurate information, will agree that a 1 per cent increase, in context of other policy initiatives, in context of the tax cuts that we have seen and the savings that they've had in the past 12 or so years, will agree that a 1 per cent increase is not going to put a huge dent in our pocketbooks. It's reasonable. It's responsible. And I believe that most Manitobans will agree with that, and they will see the benefits far outweigh the costs. Thank you.

Madam Chairperson: Thank you, Ms. MacKinnon.

Mr. Struthers: Thanks for coming to the Legislature tonight, Ms. MacKinnon, and speaking with us. So you've made the case that we should find the revenue through the tax system and dedicate it to infrastructure. I was—I noted that the one word you used was the word quickly. Why do you think it needs to be done quickly?

Ms. MacKinnon: There's all sorts of evidence that we need revenue now. And, you know, there's no point in playing this out. Again, I don't agree with the idea of having a referendum and—for the similar reasons that other people have stated—you know, it's not prudent to be having a referendum on a piece of fiscal policy when we need to look at a broader context. So it doesn't, to me, make much—it doesn't—it's not good policy sense. So, you know, I think we just need to go ahead with this. From my perspective it's long overdue.

Madam Chairperson: Thank you.

Mrs. Stefanson: I just wanted to thank you for coming out and presenting your perspective tonight. I appreciate you taking the time.

Mr. Gerrard: Thank you for speaking up for the need for an increase in the rental allowance for those on social assistance because I think this is badly

needed and I think it's shameful that the government hasn't done it.

But my question to you on the referendum is this—we have a referendum on the PST, we've got a referendum on the privatization of Manitoba Hydro; would you get rid of one referendum but not the other, or would you get rid of both referendums?

Ms. MacKinnon: I just don't support the idea of governing through referendum. I think it's too easy to, you know, voters don't have all the information they need and I don't think it makes sense to pick on a particular policy area and, you know, vote on that. So it's just not—I don't support a referendum.

Madam Chairperson: Thank you.

Do members of the committee have any more questions? If not, thank you so much for coming.

And I will call on Mr. Hairy Paine. Mr. Paine, do you have written materials to distribute?

Mr. Harry Paine (Private Citizen): Sure.

Madam Chairperson: All right, great. We'll get our staff to help you.

Mr. Paine: I'm sorry, I don't have a lot of statistics, and in the words of Arlo Guthrie: 8 by 10, 11 glossy pictures to show you from the bottom of the garbage. But I do have my heart and I do present from my heart and from my experience of 60 years, and I think that some of the stuff that I've heard here tonight reinforces the idea that I adopted some 63 years ago, that my life was going to be devoted to making the world a better place for most of those people who live in it.

Yesterday I downloaded a copy of *The Local*. It's a Swedish online English language magazine with the headlines: Swedes pay 70 per cent of their salary in taxes. And while there are a few that might complain, especially about—especially among the rich, for the most part they're happy to pay. They do not mind because, as the article points out, most of the services that make life worthwhile for Swedes are either free or at least affordable. And the website is there if you want to check that. We do not pay as much tax, but at the same time, speaking as a seniors' advocate, I know that too many of us cannot afford such things as hearing aids, dentistry, glasses, housing, some prescription drugs, or even a fishing trip once a year.

Madam Vice-Chairperson in the Chair

Crisis happens. Fires, floods, global warming, and all will become worse as long as governments in Ottawa, Washington and many other capitals of the world continue to bury their heads in the sand and ignore the fact that every fraction of a degree rise in temperature in the Arctic alone is rushing us headline towards the destruction of the planet and the kind of change in weather conditions that we have been experiencing.

Why are these governments allowing this to happen? It's my opinion that they have a lot of friends in high places of corporations who would rather see the planet die than lose their profits. Maybe we should put a 1 per cent extra tax on corporate profits and that would pay for every disaster that struck this country over the past few years and those that will most likely strike in the next couple of years.

I understand the Leader of the Opposition, Brian Pallister, has presented an across-the-board cut in government services as an alternative to an increased PST. But where does that kind of economic strategy get us? You might ask the people of Calgary and High River and the rest of Albertans who will have to pay out billions to cover the cost of the short-sightedness of their government.

*(20:40)

The mentality that drives budget-balanced budget thinking is making us the laughing stock of the scientific world, with the slash-and-burn policies of the Conservatives in Ottawa against such important ecologically sound programs as the Experimental Lakes Area. While they had lots of money to subsidize their corporate friends during the so-called financial crisis in 2008, they are cutting back on programs in this province that would assist keeping at-risk youth out of gangs. They steadfastly refuse to assist seniors by raising the OAS and the GIS to a level that is better than the mere subsistence that we are scraping by on now. Sick people are doing without prescription drugs in order to meet the high cost of food, and Harper made a deal with the big pharmaceutical companies to extend their patent rights so that they could gouge us even further.

But we do not have to go too far for those of us to remember the bad days before 1999 when Filmon when defeated, because Manitobans were sick and tired of being sick and tired. It took the present government years to repair the damage that had been done to the health-care system by across-the-board cutting of doctors, nurses and medical services. It

seemed at the time that the Conservatives were hell-bent on the road to off-loading the accumulated debt onto the poorest Manitobans by cutting the most essential services and privatizing much of the publicly owned or Crown corporations, many of which were the lifeblood of the economy. Is that the road Pallister and the opposition expects the government to take? Because a 1 per cent cut across the board is the first step in that direction.

When Tommy Douglas and the NDP put so much pressure on the reluctant Liberals that they pretty well had to agree to introduce the medicare act in 1966, the cost-sharing agreement was much more equitable. But then various federal governments have tinkered with it in order to shift more of the financial burden onto the provinces. This has forced Manitoba to assume growing costs that take up more than half of its budget.

I would suggest that if the opposition wants to do something progressive, they should stop blocking all the good legislation that this government continues to introduce and is continued in the bills—is contained in the bills before the Legislature. More importantly, they might publicly call on their friends in Ottawa to reprioritize their spending and get serious about ending the housing crisis that is a national disgrace, revise medicare to include prescription drugs and to make poverty history for all Canadians, especially those on low incomes such as First Nations, seniors and the many who have been displaced by weather conditions dating back to 2'11.

Am I in favour in paying more taxes? You can bet your life I am. Governments have catered too long to the greed of the anti-tax mentality and those that use the issue for political reasons. We need to do more to educate the population that there is much wealth in our province, and it is our tradition and responsibility to share that wealth with one another.

If you want to know what the economy is—if you want to know that the economy is humming along, then that is the way to do it. Happy, healthy citizens stay in school, work harder, produce more and we all profit, a basic rule of economics that too many bosses never seem to get. They believe that fear and threats are the only way to make profit.

Madam Chairperson in the Chair

Madam Chairperson: Thank you.

Do any of the members of the committee have questions for the presenter?

Hon. Gord Mackintosh (Minister of Conservation and Water Stewardship): Well, thank you very much for your advocacy, Mr. Paine, and let's all hope that they don't find the air conditioning switch after we've gone home tonight.

Mrs. Stefanson: Thank you very much, Mr. Paine, for your presentation. I appreciate you taking the time and being here with us this evening.

One of the things that—I think we just need to correct the record. I know this has been said a few times and that it—what Mr. Pallister and what our leader announced was a 1 per cent overall savings from government. And it was actually where they got this from and where he got this from was from the previous NDP government's budget book from 2011 and 2012. They actually found 1 per cent savings there and that's what our leader announced for this year and felt that that could be done as well. I'm wondering if you are aware of that.

Mr. Paine: No. I just saw that that was what it—whether it came out of the 2010-2011 budget is irrelevant. The question is, it seems to me, is that if you're going to use that as a 'guiderime' rule now to—that it's going in the wrong direction.

I think it was—I think at that particular time it might have served its purpose. But the manner in which the economy is at now, I think it would be a wrong move to make.

I mean, I—the issue seems to me, as it made a lot of, is the question of the referendum, the need for referendum. I wonder if I might ask you a question, and that is, what would it cost to run a referendum and how would that amount of money—wouldn't that amount of money be better spent saving the homes of some of the people who have been flooded out and burned out and—by the weather? I think it would.

So I—to me, I think that you can't make judgements based on last year's budget or the years before, because times have changed. And I think that if—say if my house was burning down, I'm afraid that if the firemen came and said, sorry, I can't save you because the referendum—we haven't taken a referendum yet, I think that I would be rather miffed.

Madam Chairperson: Thank you.

Does anyone have any other questions of the presenter? If not, thank you very much for coming.

And we will go on to our next presenter, which is Ms. Trudy Turner. And do you have any written materials for distribution?

Ms. Trudy Turner (Private Citizen): I do not.

Madam Chairperson: Then please proceed with your presentation.

Ms. Turner: Thank you.

So I'm here tonight despite my mother telling me, don't waste my breath, that the government's going to do whatever they want and I'm way too busy with real estate and moving into a new house to bother. But my reply to her was, I really do believe that if nobody speaks up, who's going to hold people accountable to their decisions?

So—and although these—holding these hearings is a polite way to make us feel like we're having some kind of say, it's kind of like closing the barn door after the cows are out; you've already made the decision, it's already implemented and it kind of seems a little futile. But I, nevertheless, still want to make my opinions heard.

I am upset that the Premier (Mr. Selinger) ran on a platform that included not raising the PST and then turned around and did it anyway. I really think that the more often this kind—that that kind of behaviour is what causes our young people to lose their enthusiasm for politics, because all they hear is lies, lies, lies. And it shouldn't be like that.

I have a great respect for politicians, I know how hard you guys work, I know there's a lot involved in what you do day-to-day and I know that most of you take it very, very seriously and feel that responsibility. But I, in this case, think you've missed the boat, frankly.

I am also upset that although the—you—the Premier and—campaigns on the policy of not raising PST, that he did it and then changed the rules to allow it to be plowed through without any kind of credibility with Manitobans.

We should be able to have that referendum. And I know it is an expensive thing, but I truly believe that if the rule is there designed to protect Manitobans from exactly this kind of thing, and I think it's important that we keep that in place.

All the press conferences and press releases sent out are designed to minimize the impact of this increase on Manitobans, but I'm here to say that I think it has a very serious impact and on our most vulnerable, on our people that are tight-to-the-line.

* (20:50)

I had a young woman today—well, not-so-young woman today, who is well below the poverty line. And we were having a coffee and she started a conversation and she expressed to me how upset she was. And, yes, she says, it's going to impact her budget, because she is literally not making it paycheque to paycheque. But the thing that upset her the most was the fact that the referendum wasn't being called and that she doesn't have a voice. And, in her words, she said to me, like, if it was a citizen that broke the rules or broke the laws, we'd be going to jail, but the government just gets to do whatever they want. And she just—this is a woman that was very passionate about politics, obviously, and despite her low-income and despite her lack of a formal education really believed this was a big impact for her.

I am a realtor and I can tell you first-hand, this is having a big impact on new homebuyers, first-time homebuyers, young couples. No, the PST doesn't get charged on houses, but it gets charged on everything else that goes into it, and, when you need to replace that carpet and replace that flooring or do a renovation or buy new furniture or mow the lawn and pay for the gas and everything else, it adds up and it adds up fast and it is going to have an effect on people in general.

I am also a little perturbed at the brochure that was recently sent out saying that it's a 1 cent increase. To some people that maybe are not familiar with the PST and how it works, 1 cent is a vast difference than 1 per cent. And a 1 cent increase implies that every time you pay PST, you pay one penny more and that is not the case, in any stretch of the imagination.

I do think that the government needs to learn to live within their means. They've taxed Manitobans on absolutely everything. Many services that were not taxed before are now taxed, and it's having a much bigger impact than, I think, even the government understands. This—for example, the impact of this PST being charged on hair services over \$50. I know for a fact for my hairdresser he is not putting in his normal increase, because he feels like, well, if I put my little increase and up it 3 per cent this year, it's going to bump it over so that now people are actually having to pay 11 per cent more. And so he's suffering as well as his sales of products and that kind of thing. So it does have a far—a much farther reaching impact than it seems to be recognized.

Also, the government keeps saying that they're going to be using all of this money for infrastructure, \$278 million for infrastructure, but the budget is only going up \$80 million. So what's happening to all the rest of that money? I heard Mr. Struthers say earlier that there's a rule in place that every cent goes to that, but, yes, every cent of that goes to it, but what are they removing out of that already budgeted money that they've been spending. It doesn't—the math doesn't add up as to—in my opinion, as to why there is that big a discrepancy. Even if it was half a year's revenues, it's still close to \$150 million not \$80 million, which is what the increase was.

So I think there's a lot of ways the government could look at, and should look at, reducing expenditures. And one of my pet peeves is advertising and sponsorship by Crown corporations. I do not understand, when I attend charity dinners, why most of the sponsors, or many of the sponsors, are Crown corporations, why I get my dessert with a sugared Manitoba Hydro logo stuck in it with—really, is there someone else I can buy hydro from? It doesn't make any sense why we're blowing money on doing those kinds of things, printing full colour day planners to hand out to people and there's so many other things. There's—the small changes, okay, that was \$40,000, the day planners, but, you know, things like Vital Stats giving their staff two hours to go shopping on paid time and then hiring staff to work the weekend to catch up on the work that was lost at overtime wages. It just doesn't make sense. Normal people don't get paid time to go Christmas shopping; it just doesn't—it doesn't happen. WRHA building a barbecue and rooftop patio for 40 grand. I can't think of very many work places for any of my friends or family members that have rooftop patios or barbecues, or some of them, most of them, not even lunchrooms. So I think there's a lot of ways that we can look at minimizing our costs that don't impact the services that we are providing to those that need them, and I just would like us to take a more serious look at that.

I think that Mr. Selinger and, by show of support, this government, has broken their word by promising not to raise PST and then turning around and doing it, and then by changing the rules so that they don't have to have a 'referendum'—referendum—I'm sorry. And I do think that if the government is so sure they're doing the right thing, that they should put it to a vote and convince us and not just change the rules to accommodate the whims of whatever spending program's on. And that's all I have to say.

Madam Chairperson: Thank you very much.

Mr. Struthers: Thank you very much, Ms. Turner, for coming and speaking with us. I apologize for missing the first part of your presentation, but I was glad I got here in time to catch you talking about ways in which we can make the government more efficient, because I think that's a very laudable goal.

One of the things we did is we took the lotteries corporation and the liquor corporation and we merged them together in order to do that, and we saved about \$3 million as we did that, money that could then be either saved or applied to front-line services. Is that the kind of model that you would recommend to us to keep looking for?

Ms. Turner: I think anything that reduces government expense without costing—causing an impact on essential services is a good idea. But there are—and that particular example with the MLCC, I'd love to know how much it cost us for the MLCC to be providing AIR MILES to people, because, again, that's an expense, a hard expense to the liquor corporation. And we can't buy our liquor anywhere else, there's no need to incent us to buy it with AIR MILES. It's—it just doesn't make sense and that's got to be a huge expense. So I—you know, I think there needs to be a real hard unbiased look at all different aspects of how to do—how to reduce costs.

Mrs. Stefanson: Thank you very much, Ms. Turner, for coming out tonight and for giving and presenting your very impassioned speech about this affects you and people that you come in contact with every day as a realtor and some—and all the charitable things that you mention that you work on and how it affects people, all Manitobans. So I appreciate your comments, and I don't have a question but I just wanted to thank you for taking time.

Mr. Gerrard: Yes, I would like to have you comment a little bit more on one of the things that you said right at the beginning, and that was that the—you were seeing an impact on the real estate market already from the increase in PST. I'm a little surprised that it's already this quick, but I'm very interested in what you're seeing and perhaps you could tell us that.

Ms. Turner: When I say the impact, I'm talking about the verbal impact right now. I mean, the actual sales, it's far too early to actually see that. But when you talk to young couples, they're saying, like, well, you know, we've decided we're going to put it off for a few months, like, because by the time we add up

the land transfer tax and all the other kinds of things that are going into place plus another 1 per cent on everything that we're going to be putting into it, the people that are now—because first-time homebuyers are often looking at fixer-uppers that require a lot of renovations and things so that they can get into the housing market. And they're just saying, like, eeee, it's a little scary for us, we're just going to wait and hold off. And that 10 per cent—or that 5 per cent down payment that they were saving for is now becoming closer to a 10 per cent that they're going to have to save for between, like I said, the land transfer tax and all the other PST increases and everything else. So that's—it's the verbalizing that I'm hearing from these young couples that are, like, they're panicking, is what's happening.

Madam Chairperson: Thank you.

Does anyone else have any other questions? If not, thank you very much for coming.

Our next presenter is Evan Thompson. Do you have any materials for distribution to the committee?

Mr. Evan Thompson (Private Citizen): No, I don't.

* (21:00)

Madam Chairperson: All right, then please proceed.

Mr. Thompson: I'd just like to report—very happy to report that there was a nice breeze back here just a moment ago, so I'm not as hot under the collar as I was a few minutes ago. Anyway, thank you.

Madam Chairperson: Thank you.

Mr. Thompson: To be honest, you know, if it were properly communicated, properly enacted and properly allocated, I would have no issue with the PST increase.

My personal consumption patterns favour untaxed goods—for example, whole foods—and I save a healthy portion of my paycheque, which, for now, anyway, doesn't get taxed again. Once the Province is done taking its share—sorry—I have the time, resources and flexibility to keep my expenses low. I enjoy doing my research, and once purchased, I enjoy extracting maximum value from everything I buy. In reviewing my budget and my past consumption history, the PST increase will not increase my annual expenditures by a noticeable amount. But that's only because I'm an outlier; I'm not the target market of this government.

So what about the typical Manitoban family? Let's just take an example of a family with children actively engaged in extracurricular activities. Now, except for bike helmets, children's protective sports equipment, which is both extremely important and quite costly, is subject to the 8 per cent PST. Musical instruments, also subject to 8 per cent PST. And, when overworked Mom and Dad want to treat themselves to a nice romantic dinner, well, that comes with a side of 8 per cent PST.

Relative to expenses, these people are impacted by the PST two to three or even five times as much as I am. And, really, it's those people who the government purports to put first. The PST taxes the disadvantaged, and it taxes those who are trying to provide and make a better life for themselves and their children.

So why is this government breaking its promise by raising taxes on the very same people who provided them with four consecutive majorities in the Legislature? If we asked the government, we'd probably get some sort of half answer that, while tooting the government's horn, doesn't actually answer the question.

So far, the best answer we all have here is that it's needed for flood protect—oh, no, wait, sorry, it's needed for infrastructure like roads—no, now it's schools—oh, now it's hospitals. Oh, wait, here we go, here we go. It's for front-line services. So let's look at that.

In the real world, pay comes after performance. If you don't do the job, you don't get paid. So does this government deserve a pay increase? Well, if the raise is to improve front-line services, let's focus on front-line services. We already know that the government has been consistently spending more and more in every department every year, so by their logic, front-line services should be getting better.

So, now, I only get 10 minutes—looks like I've used about two or three of them already—so while it would be both valuable and cathartic for me to air all of my grievances, I will instead focus on one example of these stellar front-line services the government purports to provide, and I'll pick it from the department that matters most to Manitoba families and the one that costs the most: Health.

So about two years ago, my girlfriend was suffering from extreme pain arising from a complication after a routine surgery. I took her to the Grace Hospital, where it took about 30 minutes for

her to be triaged. She was assigned a triage level of 2, or emergent, which is the second highest level behind 1, or resuscitation, and is the highest level available—level 2 is the highest level available to somebody who is still showing vital signs of life. The standard for care for a level 2, according to the Canadian Association of Emergency Physicians and many other health authorities across Canada, is immediate nurse attention, repeating every 15 minutes, and a maximum of 15 minutes from the time of admission to first contact with a physician. Since it took 30 minutes to get to triage, she was already 15 minutes behind standards, but let's keep going.

Now, luckily she was admitted right away. To get to her assigned room once she was admitted, I walked past at least, I'd say, eight patients in the hallway—sorry, sorry, the government has ended hallway medicine; nobody was in the hallway. So let me correct myself: To get to her room, I walked past eight patients in a room which also happens to be the hallway.

Once in her room, we began waiting for any sort of medical attention, nurse, physician, hey, how you doing? About four hours after being admitted, she was—she complained about being cold and her lips were visibly blue. I don't need an MD to tell me that that's not good. I went to find a nurse to ask for more blankets. Once I found someone, I was promised that someone would bring some over. After a fruitless two-hour wait, I decided maybe I should find somebody higher up that could get me some blankets. Since there was nobody at the hospital that had any authority, apparently, I had to phone the WRHA and ask them to find somebody to bring her blankets.

So, now, had a nurse or—had a nurse rather than a health care aid come in with blankets, we could have stopped this, you know, 15 minutes between nurses clock at six painful hours between nurse visits. Sadly, the clock kept ticking. Now, remember—remember: level 2 standard for nurse attention is 15 minutes.

So eight hours after admission, the physician on duty finally showed up. So that's for those of you doing the math, seven hours and 45 minutes longer, or 30 times worse, than the standard.

The doctor quickly took a history and ordered an X-ray. It took an hour to process the X-ray and a second hour for the doctor to review the images and

produce a diagnosis. So 10 hours after admission, the nurse began the necessary treatment.

So I learned later on from the staff that only one ER doctor was working that day and had to contend with two level-2 patients who suffered from heart attacks before we could get to any level—sorry; two level-1 patients, before he could get to any level-2 patients. However, the place was swarming with nurses and health care aids.

Now, what if the two heart attack patients came in at the same time? What if additional complications occurred with my girlfriend and she started to go into shock? A distinct possibility, given the eventual diagnosis, which I won't get into here. One ER doctor in a hospital serving roughly one quarter of the population of the city in an area with a large portion of geriatric patients—that's front-line failure.

Also, just as aside, my family doctor is so overbooked, it takes me three weeks to book a one-issue, and the emphasis there in on one-issue only appointment, and seven months to book a physical. Again, front-line failure.

So, coming back to my question, based on past performance, does this government deserve a pay increase? If my opinion counted, I would say, no. Your performance is not satisfactory. You will not be receiving a raise this year. In addition, I am placing you on probation. Pull yourselves together, or I'll have to let you go. Participation ribbons for everybody.

However, other than my speech here today and my vote every four or so years, I don't really get much say in how the government's run.

So what about those who do: our ministers, the managers of the government. I had an opportunity last month to watch the proceedings of the Legislature. I was present for the second reading—the first portion of the second reading of Bill 204, the Manitoba human trafficking awareness day. I was not impressed. Half the ministers were absent, and those who were present, and any backbenchers who decided to show up that day, decided that the Winnipeg Free Press, the Economist or their BlackBerry's were more important or compelling than the issue at hand: again, human trafficking. In fact, one minister was so engrossed in his BlackBerry that his colleagues had to physically move him out of the way to get past him. I won't name him.

On that same subject, last week the Minister of Innovation, Energy and Mines (Mr. Chomiak) decided that his BlackBerry was more important than being accountable to Legislature during the oral question period.

If he were actually looking up something resembling an answer to a question posed to government, we could let him off the hook. But he wasn't, and the minister never refuted that fact.

And remember: the government is accountable to Legislature. The honourable members of the government have plenty of time in the morning to read the news; catch up with the issues pertaining to their portfolios; spending their time idly reading the newspaper, a magazine, or their phones; and then providing half to non-answers when asked direct questions by our elected representatives disrespects the Legislature and therefore disrespects the people of our province. It shows us that the government doesn't believe that it has to be accountable to anyone but themselves.

Now that's disrespect in addition to the disrespect the government has for the law. Yes, the government, technically the Legislature, can pass a bill repealing any part of a law or any law they want, regardless of the wording to be repealed. However, the government does not have the right to break the law prior to repealing the law. *[interjection]* Thank you; one minute.

And so, really, you know, the government could have just passed two bills here. They could have introduced a bill that would repeal the relevant part of section 10 of the balanced budget act and then tried to pass the PST. However, by not doing that it's really an issue of optics. The government is again demonstrating its disrespect for Manitoba.

In conclusion, the PST is the wrong tax and, more importantly, the government doesn't deserve another dime of taxpayers' money until it gets its act together.

But why did the government let it come to this? Why are they raising taxes on the wrong people? Why can't they provide front-line services needed by Manitobans? Are they actually that arrogant?

Now I have to apologize for the language here, but I am quoting the Razor verbatim. I don't have a definitive answer for you, but, instead, as I said, I will leave you with Hanlon's Razor: "Never attribute to malice that which is adequately explained by stupidity."

Thank you.

Madam Chairperson: Thank you for coming, Mr. Thompson.

Do members of the committee have questions?

* (21:10)

Mr. Struthers: Yes. Thanks, Mr. Thompson, for coming and speaking with us tonight. I appreciate your advice.

Mr. Pedersen: Mr. Thompson, we share your confusion as to what the tax is really meant for, and we certainly appreciate your presentation here tonight. And be assured that we will continue to ask questions about what the money really is going to be spent on, and that we feel very strongly about, it's about results, not about how much money you spend.

Floor Comment: May I speak to that?

Madam Chairperson: Yes, you certainly may.

Mr. Thompson: I did have some other stuff in my speech I cut out for the interest of time too. But I do believe that many of the presenters before me covered a lot of those issues of reviewing the budget, not understanding where the money is coming from. And as I said at the beginning, you know, I really wouldn't be here if this were communicated properly, passed properly and allocated properly.

Madam Chairperson: Thank you.

Mr. Gerrard: I want to thank you for coming in, and you've obviously put a lot of effort into your presentation, and thank you.

Madam Chairperson: Thank you.

Does anyone else have any questions? No? Thank you so much for coming.

Our next presenter is Mr. Peter Hudson. Do you have any written materials for distribution, Mr. Hudson?

Mr. Peter Hudson (Private Citizen): I do.

Madam Chairperson: Staff will help you. Please proceed.

Mr. Hudson: And now for something completely different. My name is Pete Hudson. I appear as a concerned citizen in support of Bill 20, with some reservations.

My support for Bill 20 arises from my understanding of the role of taxes. Among other things, taxes can reduce undesirable degrees of inequality. Generally speaking, inequalities are

lessened after taxation as compared to before tax. This feature of taxation in Canada has been eroded, but it is still in evidence.

The goal of minimizing inequality is supported by a number of studies, which show the more equitable Nordic regimes as being healthier in a number of key indices. The importance of this goal cannot be overstated.

Taxes, including consumption taxes such as the PST, also support vital public services. Expenditures on flood protection and compensation, health care, ensuring safe food and drugs, schools, universities, roads, parks, sanitation and a host of other things that we value, don't seem such a bad idea to me.

This debate should not ignore the obvious relationship between taxation in all its forms and what it pays for. Taxes are the price we pay for civilization and can simply be seen as just one way to efficiently pay for certain clusters of goods and services.

I know that there is an opposite viewpoint, and I need to just deal with that as briefly as I can and get it out of the way. There is a larger ideological context which argues for low taxes so that governments can be smaller, with the corporate sector stepping up to the plate. The importance of the services mentioned earlier, are not actually disputed frontally. The claim is that the marketplace can do most of them and do them better. There is only time to challenge that claim with a few examples.

First, the claim of greater efficiency in the marketplace is truly suspect. For example, study after study has documented that the largely privately funded and privately delivered health-care service in the USA is far more expensive than Canada's system, which is 70 per cent publicly funded and delivered.

A review of studies found that per-patient spending in the United States was an astonishing 89 per cent higher in the US than in Canada, primarily as a result of our state-sponsored, single-pay system. Oh, and the health outcomes in the US were worse than in Canada.

Second, there are a good number of important functions in which the private sector is not much interested. Staying with the example of health care, private insurers are most interested in insuring the healthy. They're not happy with high-risk customers, as evidenced by such things as the notorious pre-existing conditions clauses. The public value, on

the other hand, is that health care ought to be precisely about taking care of the sick.

A more immediately relevant example is the fact that the private insurance industry has, to a large extent, gone walkabout during the 1997 and the 2011 Manitoba floods, and today, in Alberta. It was the government that responded with infrastructure work, such as the floodway expansion, and for claims for compensation.

It's further interesting to note that most of the criticisms, and we've heard a couple of them tonight, of the Manitoba government, in 2011, was that compensation was too miserly. Excuse me, but where do people think the cash was going to come from? Not the private insurance industry. Dare I say, taxes?

In short, the protest against Bill 20 has avoided the issue of the relationship between taxes and the goods and services they pay for. Moreover, the implied argument that who cares?—because dealing the whole lot to the private sector is a viable alternative has some rather large holes.

There are some problems with Bill 20. The subterfuge of dodging the bullet of the referendum requirement of the balanced budget legislation is, indeed, suspect, as some number of people pointed out today. My criticism is the spineless failure of this government to chuck the whole, horribly flawed baggage out. My—it puts the government in a straitjacket. It can't run a deficit, but, at the same time, it's almost impossible to raise taxes. It is lopsided, in that referenda are required to raise taxes but not to cut them. An NDP government, always labelled the big tax gang, in last year's budget, claimed that it had reduced total taxation by over \$1.2 million. Ironically, this is approximately the estimated costs of the 2011 flood. There you go. Flood cost would have been paid for and there wouldn't have been a deficit. But the government did not have to go through a referendum to usher in those cuts that had such serious consequences in the longer run.

In any event, referenda are often reduced to who can spend the most money on promoting its side of the issue while the truth is the first victim. The main function of the balanced budget law is to sit there like a beacon, beaming out the message that taxes are inherently bad, bad, bad—and they do it very effectively, which was likely the intent of the Filmon government that brought it in in the mid-'90s.

My second objection to Bill 20 is that not all taxes are born equal. The 1966 Royal Commission on Taxation proposed two principles of fairness, one of which was that taxes ought to be based on ability to pay. This meant not just that the more affluent should pay more, but they should pay a greater proportion of their capabilities. This principle, coming from a blue-chip commission, which probably knew more about Marks & Spencer than Marx and Engels, has never been frontally challenged. Applying that principle to Bill 20, there are likely fairer ways to raise revenues than an increase in the PST.

Although there was some element of ability to pay in a consumption tax, in that the more you have the more you consume, there are limitations. Everyone, rich or poor, plays the same for the same goods with the less affluent thereby paying greater percentages of income. The more affluent can often consume elsewhere, a practice made increasingly possible by the competition between some jurisdictions to boast the lowest tax regime. Might there be other ways of raising the estimated net of \$274 million from the increase in the PST while still advancing the ability-to-pay principle of fairness to a greater extent?

Budget 2013 announces a further reduction of \$41.3 million in personal income tax, a tax generally considered to be fairer than consumption taxes. It was recently calculated that the addition of two marginal tax rates at the top end of the personal income tax, with a very small addition for the percentage paid above those margins, would yield nearly \$50 million. Let's add in the \$50-million loss of revenues arising from the Seniors' School Tax Rebate. This is also antithetical to the ability-to-pay principle, because it substitutes age as a criterion instead of need.

I'm already halfway to the target total without even trying hard, nor am I going to. I'm supposing that there are those more expert than I who could come up with a fairer way to raise the needed cash. And, while they were at it, the ability-to-pay principle also demands a look at corporate taxes. A healthy workforce is important to the corporate sector, as is the competitive advantage over American counterparts provided by our health-care system. Corporations cannot survive without a functioning physical infrastructure or an educated workforce. These and other public services which benefit corporations are all tax supported.

* (21:20)

Corporate income tax is a minuscule proportion of total revenue, estimated at 3.6 per cent in budget 23–2013, compared to personal income tax bringing in nearly 26 per cent and the PST nearly 18 per cent. I'm not arguing that other forms of taxation could have assuredly got the 2013 budget to the required revenue target. I'm arguing that these more progressive alternatives have been dismissed too lightly.

In the end, this debate is about choices. We can choose to buy into the low-tax, small government, trust the invisible hand of the marketplace ideology, or we can choose a vision of a level of public services of which we can be proud and which could improve the quality of our lives. It would include a capability for governments to work towards reducing the risk of catastrophic events. It would include the capability to respond with timely aid for the victims. And here is the rub for some: it will include the recognition of the necessity for a variety of taxes.

I stand to gain financially from the elimination of school taxes for seniors, but I oppose it because I support a quality public school system from which I benefited and in which my grandchild and his friends are current beneficiaries. I'm not happy that either the school system will be 50 million short or that the same amount will be taken from other needed services. Given a chance, I know what my choice will be. Thank you.

Madam Chairperson: Thank you, Mr. Hudson.

Do members of the committee have questions for the presenter?

Mr. Struthers: Mr. Hudson, that was a very passionate speech. Thank you for coming to the Legislature to give us your advice tonight. I, like you, agree with Oliver Wendell Holmes. I think taxes are the price of a civilized society. I think Mr. Holmes would also agree with you in terms of the fairness lens that needs to be applied when we consider a tax increase, decrease, whatever changes we're looking to make.

One of the things we've been looking to try to do as part of this, along with the 1 cent on the dollar PST is look to target some exemptions for people who are in need. The one example that pops into my mind is we are removing the PST from baby supplies. Are there some focused decisions that we could be making to smooth this for people who are in more need than others?

Mr. Hudson: I can only give you a general answer because it would need a lot of cross-eyed looking at numbers to give you a more specific one.

We think of about four, in the urban environment anyway, four very major basic needs, almost rights: food, clothing, shelter, and transportation is the other, although that seems like an unlikely one. And that any and all exemptions which enable to make those four basic, basic needs affordable, including doing whatever we can to remove the PST from that cluster of items. It's not really four items. It's a cluster of items within each one. I know new houses, for example, are exempt. Okay, fine. What about the first-time home buyers?

I was confused when I looked at the budget material as to whether or not groceries were exempt. And I think that they are, but it's not clear from the budget papers that they are. But I do recall a claim that the government was forgoing \$170 million a year in exempting groceries from the PST. I would applaud that, and I would accept that if that is indeed the case. So it's those four basic needs, I think, that we should look at exempting from—as much as possible from PST.

Madam Chairperson: Thank you.

Mr. Cullen: Thank you, Mr. Hudson, for coming down tonight to the Legislature. We appreciate you taking the time out of your schedule, and you certainly have given us some ideas for food for thought, so I just wanted to say thanks for coming down tonight and we appreciate you taking the time to do that. Thank you.

Mr. Gerrard: Thank you for coming down and spending some time with us and sharing some ideas, in particular, the ideas that there might be other taxes which could actually be better than the PST if one were to look at it that way. Thank you.

Madam Chairperson: Are there any other questions? If not, thank you so much for coming down.

Our next presenter is Kevin Perrier. Is Kevin Perrier with us—in the room, I mean? No. We'll put him in—to the bottom of the list then, and move on to Mr. Earl Skundberg. Do you have any written materials for distribution?

Mr. Earl Skundberg (Private Citizen): No, I don't.

Madam Chairperson: Thank you. Go ahead, please.

Mr. Skundberg: Thanks for affording me the opportunity to speak here tonight. It's not going to be

very lengthy—more to the point. I'm kind of new at this kind of thing and—but here goes.

I'm frustrated. Tax, tax, tax, tax. Enough already. I'm very frustrated.

I love this city and I love this province, and I'm saddened to see what's happening. Increasing and an ever-expanding array of taxes everywhere and I'm reaching my breaking point. I'm a pensioner and I'm squeezed to the max. I can't give any more. I don't want to but I find myself looking elsewhere, Saskatchewan, for example. You've all heard it, although I'll always remain Bomber blue.

What saddens me the most is I see Manitoba's incredible potential and its wonderful people and the fact that we could be so much more successful if we weren't badly burdened by heavy taxation, huge deficits and overwhelming debt. We could be a have province with proper fiscal management. This NDP government has compromised the future's potential in this province with bloated bureaucracies, excessive and overbearing controls, fiscal irresponsibility, stifling taxation, highly questionable and speculative projects. Government economic policy on these and other issues need to be rethought before it's too late, but that time is near. We are on the brink as far as I can see, and this NDP government seems oblivious. That scares the crap out of me. Excuse my English.

I'm not an economist, but I do understand economics 101. Cut taxes, loosen up regulation and you'll see increased enterprise and entrepreneurship. That creates jobs and wealth and—which in turn expands the tax base. This encourages business. You have to put more money in people's pockets—not take it away. That's what grows an economy, not more taxes, not another 1 per cent in PST. This government is taxing away people's hopes and dreams, stability and security and it's got to stop. There is only one taxpayer and there is only so much we can give before we can give no more.

I'm embarrassed and ashamed that we have to rely on taxpayers elsewhere in Canada to fund NDP incompetence, and this government should be embarrassed too. All I have are excuses, not fixes. This NDP government has to stop spending and start mending. I heard somewhere that Saskatchewan started to boom when the people there had the good sense to get rid of—get—rid themselves of the New Democratic Party. Coincidence? I think not.

It's impossible to have a strong economy while perpetuating a welfare state. My message to the NDP government is reign in your spending, cut taxes, streamline bureaucracies and re-evaluate projects, admit your mistakes and make some hard decisions. Start treating Manitobans with more respect. Thank you.

Madam Chairperson: Thank you.

Do members of the committee have questions for the presenter?

Mr. Struthers: Thank you very much, Mr. Skundberg, for coming and speaking with us tonight.

Here's the rub when you're in government. You just heard the presentation before us that itemized about \$1.2 billion in tax relief that our government has given out over the last 12 years or so. That's made up of decreases in corporate taxes from 17 per cent down to 12 per cent. That's made up of business—small business tax of a decrease from 8 per cent down to zero per cent. And it was pointed out, quite pointedly, by the previous presenter that that \$1.2 billion would've paid for the flood costs that we incurred, which has been—and if the federal government would give us their share, it would be much easier.

* (21:30)

But, Mr. Skundberg, we just heard a very good presentation saying that we've got into this trouble by providing those tax credits. Do you agree with that? Do you think that we've gone too far with tax credits, or should we go further? What would your advice to this government be?

Mr. Skundberg: Well, I'm not really too up on tax credits, but there seems to be an awful lot of them. All—nobody is disputing the need for taxes—it just more efficient use of the taxes. And that's my main thing.

Madam Chairperson: Thank you.

Does anyone else have any questions? If not, thank you very much for coming out.

And I will call our next presenter, Wendy Land. Is Wendy Land here? No? Okay, we'll drop to the bottom.

And our next presenter is Curtis Monkman. Here? No? Yes? No.

Mr. Ed Huebert. Do you have any—

Mr. Ed Huebert (Mining Association of Manitoba): No, I've made so many changes. I'll just—

Madam Chairperson: Okay, thank you. Please proceed.

Mr. Huebert: Well, thank you. Committee members, members of the Manitoba Legislature, I'd like to thank you for affording us an opportunity to make comment.

First, my quick promo: I represent the Mining Association of Manitoba; we're a trade associations that's been around since 1940, and we represent the collective interest of all the metal mines of the province of Manitoba.

For 2012, the industry contributed \$1.5 billion in gross mining revenues, paid more than \$500 million in direct payments to government, I think it's probably closer to 140, and employed 4,200 private citizen jobs with the highest average salary of all Manitoban industries.

Over the past 18 months, Manitoba's business climate for mining has had a series of policy changes that really is impacting on some of the competitive advantages. As you're aware, industry is facing significant challenges, so we're in a perfect storm situation.

On the one hand, we're seeing the erosion of metal prices. Our sector is a price taker. We don't have any influence. We can't go before the Public Utilities Board and say, can you raise the price of metals? Whatever happens in China, Europe, it impacts on our members, and they in turn have to make the adjustments in order to weather the storm.

One of the comments I heard from our industry is metal prices are low, and they've ranged to a 18- to a 40-month low in prices. And it's been a shock. We haven't really gotten over the 2009-2010 recession. We got a little bit of modest bump, but we haven't come out of it.

Many of the firms, we hear, particularly from the juniors and the junior mining companies, are those that do not derive any direct income from the production of minerals; they're in the business of exploration.

Sixty-five per cent of those firms that have a market cap of less than \$10 million probably won't survive this year. It's quite common to hear about salary rollbacks, to hear about deferral of any

financial compensation with their firms. They're trying to weather the storm.

The retail sales tax initiative of 1 per cent increase has impacted everybody in various ways—the large producers down to the very small junior mining companies.

We watch with great interest as to how the Fraser Institute does their annual mining survey; 2006, I see a former mines minister present and Manitoba was ranked first out of 65 jurisdictions around the world—now we're down to 21st. Erosion of taxation levels is one of the indicators that's showed—that's had a direct impact.

We were ranked 11th out of 65 in 2006. There was a lot of other indicators that go into how they measure the perception as to whether or not it's a good investment destination. But the taxation one has changed and been refocused to 31st out of 96 jurisdictions. So we're seeing a downward trend in terms of how the international investment houses are seeing Manitoba. Taxation is one of the issues.

The large-scale capital investments usually have a long lead time, so, when firms are making an investment decision to develop a new mine or expand a new mine, there's a relatively long lead period. They know taxes are part of society, and they're not arguing against that, but they need certainty of process. And, quite frankly, everyone was surprised with this budget. There was no indication it was coming. Last year, we saw a series of new applications of what is included under retail sales tax, and we believe that the mine sector, total payable in retail sales, is now estimated at \$40 million all in; that would include at an 8 per cent level, pro-rated and adjusted both for the first half of the year at 7 per cent as well as looking forward as to with the 8 per cent.

We're a very price-sensitive and competitive business, and all projects have to stand or die on how they compete with other projects. Think of it three-dimensionally as a price curve, and it's almost like a ski hill. You position your project where you are, so additional costs can actually make a difference as to whether or not will the investors come forward to support the project or not. And it's always the question that the firms are looking at.

We did a survey based on preparation for today's presentation. We took a look at KPMG. They've been studying retail sales tax, value-added taxes in the Canadian mining industry. They did a major

report on that in 2011. The results of the report were—BC did have a harmonized sales tax, but, as of this past April, they returned back to provincial sales tax, but what they have included is exemptions that aren't anywhere near on Manitoba's policy index. For instance, if you're a contractor or a mine—subcontractor and a lot of the mining work is done through contractors and subcontractors, they're exempted. Manitoba doesn't have an equivalent exemption. There are other things that are supposedly in policy we're waiting to hear more from, but we don't have equivalency. In terms of the competitiveness within Canada, there's only three provinces that apply provincial sales tax. There are four jurisdictions where there is no equivalent to retail sales tax being Alberta, Yukon, Northwest Territories and Nunavut. Yukon, Nunavut and NWT—they're important. Those are land claim areas and yet there's still no retail sales tax and, in terms of, again, attracting investment, the diamond sector doesn't have any retail sales tax. We do.

The other jurisdictions, where they have value-added taxes or harmonized sales tax, which include Ontario, Québec, New Brunswick, Nova Scotia, Newfoundland—they do a cost-recovery program, and I was asked by an official when we were doing some research for today's presentation, well, surely it doesn't count stationery, it doesn't include soap in the men's washroom. I phoned over to Ontario, found out, yes, those are recoverable expenses, including Scooptrams, smelters, heavy equipment, explosives, rod mills, all of the equipment that goes into the operation of a mine, virtually everything except lunches and fuel.

So, having the tax go up 8 per cent isn't just the 1 per cent increment, it means where we are relative to the rest of Canada, and, to put a real fine point to it, Saskatchewan has a retail sales tax of 5 per cent, and they have very close regulatory regime for the mining sector. I mean, there's probably some points that they would have the advantage to Manitoba, there's some points Manitoba probably has over Saskatchewan. But their rate is 5 per cent; our rate's 8 per cent. One of our retired board of directors always used to say, if you see a bear in the bush, get your running shoes on. And I said, why? Well, if there's two of us in the bush, you got to outrun one of us. The bear's going to get—beat either of us. The advantage is survival.

We're saying right now the tax load is increasing, and we have to be concerned. The message back to all the legislators is our competition

is what's happening, in Saskatchewan. Our competition is BC, Ontario and Québec, and, when firms are looking for investment destinations, I think, they're not opposed to a retail sales tax, but, when they see a discrepancy of 37 per cent between Saskatchewan and Manitoba, that makes them take notice and BC is being very aggressive with their exemption list, which I profess we don't have the full details, just dribs and drabs, and they've been working on it since April, but from what we've seen, these are rather substantial and it might be hard for us to compete. In terms of overall total mining tax packages, the rates are still lower in Saskatchewan and BC, and in British Columbia they don't have a payroll tax. We have that in Manitoba, so it's a series of additive taxes that are there.

* (21:40)

Having set the stage—okay, in general terms, Professor Jack Mintz, a respected business tax policy analyst put out a paper on May 30th, and I quote: Manitoba mining is the most heavily taxed among all provinces. The provincial sales tax is again largely responsible for this, accounting for seven percentage points in marginal effective tax rate calculations, a situation similar to that in Saskatchewan. The other contributors to its relatively high marginal effective tax rate includes the 17 per cent mining tax, the highest of all provinces and it's relatively low depreciation allowance for both development expenditures and depreciable capital under mining tax. Also its seemingly generous 150 per cent allowance for exploration, which is supposed to be a credit, is actually—has an effective rate of only 104 per cent because it only applies to incremental investment based on a three-year moving average.

Madam Chairperson: Thank you, Mr. Huebert.

Mr. Huebert: Thank you.

Madam Chairperson: Just before we go to the question section, you all received a handout. Just so that you know, that had nothing to do with Mr. Huebert. So I'll just explain that after we're finished these questions, all right?

Mr. Struthers: Yes, thanks very much, Ed. It was good to see you again and I appreciate you coming in to speak with us this evening.

The members of the Conservative caucus have indicated that they would cut across the board 1 per cent from every department for a total of \$550 million, that would include the Department of Innovation, Energy and Mines. That minister would

have to look at that budget and reduce it by 1 per cent if they had their way. One of the casualties of that could be the Mineral Exploration Assistance Program. What are the—what would be the implications of losing that program to the number of mining companies in Manitoba that get a real benefit from that?

Mr. Huebert: Minister, it's a good question, and the way I respond to it was in 2007 there was approximately 80 firms doing exploration business in Manitoba, we're down to about 25 firms, including the Fraser Institute. They had three major concerns. No. 1, uncertainty over parks, protected areas and the process. No. 2, uncertainty over land claims. No. 3, efficiency of how decisions were made.

I think it's a good question you've asked, but I think if I understand the members within my industry correctly, getting work permits, efficient processing of applications, I think they would prefer a strong geological survey over the Mineral Exploration Assistance Program.

Mr. Cullen: Well, thanks, Ed, for your presentation, and I appreciate you coming down here and sharing your expertise in the industry with us.

I certainly appreciate your bear-in-the-woods analogy and I think that's something that we have to bear in mind. *[interjection]* Excuse the pun. But the fact of the matter is you're saying to us, you know, this—were fairly major global companies that we're dealing in the mining industry and they're looking at where they're going to invest their money both in exploration and long term, and, clearly, the tax strategies are pretty important to them. What's your gut feeling on what this is going to add, this extra PST, what kind of signal is that going to send to the companies that we're trying to attract to do business?

Mr. Huebert: The signal would be as to the confidence they have with the project, and the fundamentals on every mining project have to stand or fail on their own merits. And if the waterline is at five feet and they have to be at six feet, the direct analogy to the bear is there. If they're at four feet after this and they had an incremental difference, that's where the consideration is, and again there's only three jurisdictions in Canada that apply PST to mining, Manitoba being one and also with the highest rank.

Madam Chairperson: Thank you. Do we have any—

Mr. Gerrard: Yes, thank you, Ed, for coming here and talking about mining and the importance of

mining. What you're essentially saying is that compare Manitoba to Ontario, and a mining company will pay 8 per cent more here for all of its input costs—that right?

Mr. Huebert: Plus, there are other additional taxes that would not be there in Ontario, such—the payroll tax, I'm not quite sure, but some of the other—for the life-of-mine taxes opposed to the profit royalty taxes, we're at a disadvantage.

Madam Chairperson: Thank you.

Any other questions? If not, thank you so much, Mr. Huebert.

Before we go on, I'll just let you know that I—*[interjection]* No, thank you. Thank you so much.

Before we go to the next presenter, I just wanted to let you know that we have been advised that Keith Thompson, No. 25 on the presenters' list, is unable to make their presentation this meeting, but would like to have their written brief considered by the committee as a written submission. Keith Thompson. And that is the handout that you all received.

Does the committee agree to receive these documents and have them appear in the Hansard transcript of this meeting? *[Agreed]*

All right. I will just remind everyone to keep your questions addressed to presenters based on information contained in the brief, please.

All right. And our next presenter is Dave Sawyer—Sauer—why do I never say that right? Sorry, Dave. Sauer. I knew that.

Do you have any presentation materials?

Get your staff to help.

Mr. Sauer.

Mr. Dave Sauer (Winnipeg Labour Council): Okay. I just—yes, my name's Dave Sauer, president of Winnipeg Labour Council. I just—there's a few things here that I've been listening that have been just really kind of bothering me. I heard one gentleman there recently talking that Saskatchewan didn't get a boom until the NDP was in power. That's actually not true. I'm from Saskatchewan, originally. Three years into the boom is when the Saskatchewan Party was elected, and let's all never forget why the Sask. Party exists, because the Progressive Conservative Party there damned near ran the province into the ground and had 11 MLAs that went to jail. So not exactly something I would model after.

The other thing that—and this really is starting to get to me—the amount of rhetoric that I think is coming out on this issue is really getting a little overboard. I heard the word communism thrown around here a lot tonight, and, frankly, given my family's history, I consider that to be pretty disgusting, and since people got to share some of their family history, I might as well share some of mine.

So my great-grandfather is a man named Gottlieb Giek [*phonetic*] and he was a German who lived in Ukraine. He was declared a kulak and that's a wealthy landowner. He was exiled and executed. Three of his sons were arrested during the Great Purge and executed as well. Actually, if you want to take a look at one of the files for one of my great uncles, I have the KGB file. You can take a look at it. He was executed in 1937.

My great-grandmother, she actually fled from the Soviet Union, but was recaptured in Berlin and on her—en route to Siberia, she became sick on the train. She died, and her body was just tossed off the railroad. And then my great Aunt Lydia [*phonetic*], she was there with her when this happened—other family members in there. So when my great aunt actually got off the train in Siberia, she was raped to death by Soviet soldiers.

My great Uncle Jacob [*phonetic*] Sauer, on my dad's side of the family, he spent five years in a Siberian gulag, and he was separated from his brothers and sisters for most his life. He actually only came to visit Canada in '77 once. And then that family from that branch actually left the USSR in 1992, and they're now living in Germany.

So please tone down the rhetoric. We don't have to be called communists. Okay, it's very, very disgusting and actually does really bother me that I'm hearing that out here tonight. If this was communism, I wouldn't even be standing here. Nobody would. We'd all be sent out to some gulag or some sort of prison camp. So let's just tone it down a bit. I won't even get into the swastika signs that I saw at an anti-PST rally. But that's a later discussion.

Winnipeg Labour Council welcomes the opportunity to present its views here today before the standing committee on the social, economic development, regarding Bill 20, Manitoba Building and Renewal Funding and Fiscal Management Act. The Winnipeg Labour Council's a chartered organization of the Canadian Labour Congress. We represent 77 affiliated union locals here in Winnipeg,

representing approximately 47,000 workers. We have been in existence since 1894, and we have a proud history of political and civic engagement.

We believe Manitoba requires needed infrastructure investment—Winnipeg, and, indeed, much of Manitoba's failing infrastructure as well as other community needs. To accomplish this, Manitoba needs revenue. However, Manitoba has a revenue problem, not a spending problem.

* (21:50)

While an increase to the PST is not the fairest option at the government's disposal, it is one that will provide the much-needed revenue. The WLC has preferred—or, sorry—would have preferred progressive and fair tax measures on profitable corporations and individuals who have fared it well—who have fared well in economic times. However, we understand that many of the infrastructure needs are pressing. We support the government's 10-year initiative to raise the PST from 7 to 8 per cent to deal with the province's infrastructure needs.

Over the last decade, the provincial government has cut tax—has cut more than a billion dollars from revenues through tax cuts. The federal government has cut transfer payments as well as health-care transfers that are to decrease in 2017 and 2018. The City of Winnipeg maintained a 14-year property tax freeze and seven of which was done under the current administration. It's no small wonder our infrastructure in this—is in the current state that it is as the needs of our population grow.

The revenues generated from a PST hike would help much of Winnipeg's infrastructure deficit. The City has nearly a \$4-billion infrastructure deficit currently; 14 years of property tax freezes by the City is showing its effects. Investments in public works would ensure better roads, bridges, transit and transit ways. It would ensure vital economic arteries receive the attention they need to move this city forward.

Raising taxes is never a popular option, but with the challenges we face, it is necessary. Limiting the government's ability to raise revenue through politically motivated and outdated laws only found in Manitoba is nonsensical. Governments must have the flexibility to raise revenues in hard times. We are recovering from the worst economic downturn since the Great Depression. Let's keep that in perspective. For Manitoba to invest in needed infrastructure, difficult decisions must be made with regards to government revenue.

Referendums are not the way. They're dismissive and expensive and are frequently won by those who have the means to invest in campaigning. I think you can take a reference from what happened in California a few years ago when they had a referendum on tax increases and you had two siblings who were funding tens of millions of dollars on opposing sides of the issue. That's absolutely ridiculous. I don't know why you would want to get into that. The best referendum on issues of revenue and spending are general elections.

The alternatives to raising revenue are government cuts. We believe the proposed cuts will do more harm than good to Manitoba society. Ill-advised and ill-executed austerity measures around the world are proving reckless. As the global economy still dwells in uncertain times, certainty in day-to-day life is what Manitobans want. Cuts will only compound uncertainty.

If the cuts proposed by opposition were established, what would it mean for Winnipeg and Manitoba? Could mean fewer protections against future flooding. As we recently saw in Calgary, preparation can save our economy billions of dollars. We are living in an age where the consequences of global warming are becoming a reality and we must prepare ourselves for the trials ahead. Cuts could mean fewer repairs to civic infrastructure and delay new, necessary infrastructure. Would cuts halt expansion of the rapid transit in Winnipeg, road renewal and repair all over the city, or construction of an underpass at Plessis Road? Cuts could mean fewer services in health care, education and community protection. Would the cuts mean fewer nurses, home care and other health-care professionals, teachers and other education workers, police, firefighters, paramedics, health inspectors, and Workplace Safety and Health inspectors?

That one actually gets to me the most, because if you took a look at what recently happened in West, Texas, the chemical plant–fertilizer plant that exploded there, we have a chemical fertilizer plant in Brandon. Now, if–keep in mind that West, Texas incident–that facility had not received an occupational safety and health administration report since 1985. That is not something I'm interested in seeing here. I don't want to see the Brandon crater. I would like to see Brandon maintained the way it is. Workplace Safety and Health inspections save lives and health inspectors also save lives.

Does it also mean we'll have fewer Crown prosecutors and corrections officers or conservation officers and water quality experts. I'm a hunter. I like the idea that we have conservation officers out there protecting wildlife against illegal hunting and poaching. So that's the front-line service that I think—just for an example for me personally—I would love to see continue.

In a rare occasion, the Winnipeg Labour Council finds itself in agreement with business organizations such as the Business Council of Manitoba and the Manitoba Heavy Construction Association on the issue of a PST increase. This concurrence is a demonstration that people from all walks of life understand the challenges we face and the difficult decisions—decisions rarely made by other levels of government—are necessary. We have faith that the government will move ahead accordingly and ensure infrastructure and services are maintained.

Despite concerns in opposition raised about this issue, the WLC believes raising the PST from 7 to 8 per cent is an important step in addressing many of Manitoba's pressing needs. We have a challenging future ahead of us and we believe the government is moving ahead with a concrete plan. We believe the future cuts—we believe future cuts and austerity measures are not the answer for Manitoba's success. Taxes are the price we pay for civilized society; let's move forward and make a more civilized society; and let's have a civilized debate about it.

Madam Chairperson: Thank you for your presentation.

Do members of the committee have questions?

Mr. Struthers: Thank you very much, Dave, for coming in and speaking with us.

You've talked a lot about the impact that cuts would have, not just on your members but Manitobans. And I think you made a good case about cuts that would hurt our economy in general.

Our government has been very clear that we would—we will not be following that path. So why is it that you're worried? Why is it that you're worried about cuts?

Mr. Sauer: Oh, why am I worried about cuts? Because cuts are—I mean we have—sorry—can I go? Good, okay.

Madam Chairperson: Sorry, that was so quick.

Mr. Sauer: Just have to check. Okay.

So, I mean, cuts—look at the civilized society we do have here. Everything that you do on a day-to-day basis relies on a tax measure of some kind to pay for things. You start cutting away from that, you're going to see big problems with infrastructure, you're going to see big problems with front-line services like health care, education, all sorts of things that Manitobans take for granted.

Why am I nervous about cuts? Well, because then the services are gone, and you're going to start to see a decline in the quality of life of Manitobans. That's why.

Mr. Gerrard: Thank you for your presentation.

Now one question for you on the referendum—if you would get rid of the referendum for a PST, would you also get rid of the referendum requirement before privatizing Manitoba Hydro? *[interjection]*

Madam Chairperson: Mr. Sauer. Sorry.

Mr. Sauer: Sorry, getting ahead of myself here.

So I think you have to think about it in a different context, because this is over a 10-year period and it's going to be retracted. You sell Manitoba Hydro; it's gone. MTS is gone; it's been sold. We're not going to get that back.

That's protecting, I believe, a very vital institution in the city that keeps—or in the province, that keeps actually costs of living down. So, in that case, because you're talking about outsourcing a Crown corporation, this is about a tax increase.

Plus, we're also the only jurisdiction, as far as I know, that actually did have a referendum put in place for a tax increase in Canada. Which again—ridiculous. Why would we do that?

Madam Chairperson: Are there any other questions? If not, thank you very much, Mr. Sauer.

Our next presenter is Ken Guilford. Mr. Guilford, would you like to have chair? We can certainly bring a chair there so that you don't have to stand. You're okay. All right.

Do you have any materials you want handed out?

Mr. Ken Guilford (Private Citizen): What I'd like to do is just read this off and refer back to it.

Madam Chairperson: Okay, sure.

Mr. Guilford: And then I want to give it out.

Madam Chairperson: Yes, you go ahead then.

Mr. Guilford: Thank you. My name is Ken Guilford, and I'm an activist. I've been doing that for a long time. I'm on about 18—about 12 different organizations, about 18 different committees. And then—it's been good. And I know a lot of these people in here, and it helped.

But what I'm talking to you tonight, is that there are real solutions to protect families for the long-term, and to work together, and work on a solution between the whole government—I don't like referendums. Referendums cost too much money. I say to hell with that.

Let's get on with the PST and make *[inaudible]* of it. And what I'm saying, in the past check, this 1 per cent PST increase means we are now to build flood protection and needed infrastructure, instead of losing a lot—to losing a whole construction season—and dedication, all funds raised to critical infrastructure, would report every year on the conduct. Keep PST the third lowest in Canada and for as that, after 10 years.

What I would like to do is ask a couple questions.

I'm a retired person and disabled person. I can't hear most of what's going on. I can pretend that I do, but I don't. And also, I've got to appear, and I spoke, and I said, I'm in favour of the keeping the 1 per cent PST. I don't know if anybody else did or not, but I would say in future it would be a good thing to do.

And with those two things, I'd like to close. It's time to go to bed.

Madam Chairperson: Thank you.

Mr. Guilford: You're welcome.

Madam Chairperson: Are there any questions?

* (22:00)

Mr. Struthers: I want to thank you, Ken, for coming to the Legislature tonight and sticking it through 'til almost the end and putting up with the warm temperatures here at the Legislature. I appreciate your advice on the PST and thanks for coming out.

Madam Chairperson: Thank you.

Mr. Gerrard: Just want to thank you for your presentation and for coming, and you've got a lot of civic-mindedness.

Mr. Guilford: Yes. Thank you.

Mrs. Stefanson: Thank you, Mr. Guilford, for coming out tonight and for your presentation. Much appreciated.

Madam Chairperson: Mr. Guilford, thank you for coming out.

Are there any other questions? No? Thank you so much.

And our next presenter is Mr. James Aisaican-Chase, and if I said that wrong, please correct me.

Mr. James Aisaican-Chase (Private Citizen): I shall correct you. It's Aisaican-Chase, just like you say, I-say-I-can Chase.

Madam Chairperson: Aisaican-Chase, but quickly.

Mr. Aisaican-Chase: Yes. That's my married name; my maiden name is James Chase, because I took my wife's name when we got married in 2009, as in honouring her stepfather who was Cree. So that's why I—I say I can; that's why I'm here.

Madam Chairperson: I'm sorry, I forgot to ask you if you had written materials.

Mr. Aisaican-Chase: I had it on the computer, but the reason I didn't get here last night, my wife was sick; she's my secretary, couldn't print out material—

Madam Chairperson: No problem.

Mr. Aisaican-Chase: And I'm coming and just doing oral.

Madam Chairperson: That's fine; you go ahead.

Mr. Aisaican-Chase: Okay. I'm coming here as a retired senior, a scientist, a 'symbolologist' and a taxpayer. I'm concerned about the use of the money from the PST and the process that was done to implement it. The process seemed flawed because the structure of the teamwork of the government under crisis should be more like a wartime situation. I believe there should be more co-operation and less internal fighting.

I'm retired from the military, 20 years in the military. Of this time in the air force, I spent eight years in Manitoba. I retired from the military and went with the airlines as an aircraft structures engineer inspector and modifying airplanes. With that I came up to do science work, where I'm doing scientific experiments on propellers and a wing, and a wing that can fly like a bee, which I've been successful in doing tests on. I've been very paranoid because I did go through government policies from Alberta and the federal government to get angel

investors to advance my scientific data that I'd done from pure experimentation. And one—I started a group called PWD—Preferred Wing Design. We were requested to send a sample propeller to Houston, Texas, to be tested. When I saw the signatures of the requirements, I—being a 'symbolologist' I can analyze writing and I can tell intent, and I didn't trust them, so I had one experiment—it was very expensive to try to do, was to make an S-shaped wing. So I designed that wing up, had them sent to the states, but I left out three key components of my science experiments that, if this was successful, then I could improve that by three times the design.

Nine months after the experiment was done by college professors at Houston, that S-shaped design ended up in the General Electric engine that's used to run the 777 aircraft. I got no credit; I got no money, and I got nothing from it. But, if I get my wing done, which I'm financing a hundred per cent by myself with the help of T661 credits from the federal government, I've been the longest single recipient of this funding since it was implemented in 1995. I am putting three quarters of my pension money, money I'm making as a commissionaire, into my science research because I believe in it that much.

This 1 per cent—well, this—first, this 7 per cent on the insurance blew out my pension for paying my mortgage, and I've had to increase my amount of work as a commissionaire just to up that payment. This 1 per cent is going to hit me also. I'm not complaining, as long as I see results. And I don't see the results happening within the science research. I see some very serious risks from the science research I've been involved with. I've been trying to buy electric shingles. These are solar panel shingles that cost the same as roofing shingles, so I can put it on my house and work with my experiments that I've been doing with my wind turbine. I've got a six-inch propeller that can run a house. But that's where I'm doing my engineering development. That's why I'm so enthusiastic. I want to get this done.

But I can't even import those shingles. They're made in the States. They're sold in Texas and California, and now in eight states, but they're illegal for me to buy and bring them into Canada. I cannot bring them into Canada. The—putting the 'bipoler' in, putting all the hydro in, when the United States is going—pushing heavily on these solar shingles, because they've proven in California and Texas that a small community can produce a hundred per cent of its power from the shingles on the houses and actually export the surplus.

Now, in sunny Manitoba, that means you could have the city and every south-facing roof with these solar shingles on, would produce enough power during the day to run the whole city. And that is where you've spent billions on hydro lines coming from the north, and all these power dams from the north, when the Americans themselves want to cut off foreign suppliers. So it's a big risk, and the—just like the mad cow. I was out there when they had mad cow disease in Texas, but they called it rabies. And then they cut off Canada, and what happened? They destroyed the beef industry in Canada. You've got to watch out for the Americans who take care of themselves first. They stole my engine design, or my—but, if I ever make the money to become rich enough, I will go to General Electric. I will take their engine—now it's the largest engine in the world, most powerful—I'll be able to put my science that I have proven into that engine, reduce it to one third the size putting up the same power. And that's when I'll have my revenge.

But I still believe in this. I'm 68 years old. Oh, I've got to send my mother's thanks for the 1st of July, for the celebrations that you—all the fireworks you did on her birthday for her 90th birthday. She enjoyed them very much. I sent the pictures to her. Okay, but my father's 95; my mother's 90. They're living independently, and they're living on their own and they deal with their own health issues by holistic eating and lifestyle, and that's why I plan to be—I'm 67 now, and I'm planning on seeing my airplane and my propeller and the things I've invented fly, because I have been able to prove how hummingbirds and bees, especially bees, fly. According to aeronautic principle, they can't fly. There's just nobody's told the bee.

But I've been able to find out how they did it, because when my wife died—my first wife died in 2006—I spent two years quite depressed, but I tore apart my house and made my house in a wind—into a wind tunnel, and I lived in the wind tunnel with my dog, and I couldn't afford to make the propellers and wings according to wind tunnel testing, which are \$50,000 a day. I made them out of candy. I took my house and made a room into a wind tunnel with air compressors to have crosswinds which you can't get in the wind tunnel. And I used mist on my propellers as I was driving that and as they melted, the trails they made gave me all my scientific data that I need.

* (22:10)

So this is the way I've been able to do with nickel and dimes what companies take billions of dollars to do.

So I am concerned, I really think that we should learn to invest in us, invest in Manitoba. What's happened like, talking about selling Manitoba Hydro; why not allow what people can put few cents into it and do bonds and have bonds and invest in us. The industries have them, so don't tax them to death but get a royalty from them for what they produce.

That's the best I can do. I'm sorry you don't have my presentation and all of my—

Madam Chairperson: That's okay. Thank you so much Mr. Aisaican-Chase. Thank you for waiting.

And do the members of the committee have any question for the presenter?

Mr. Struthers: Thank you for coming out tonight, Mr. Aisaican-Chase. We appreciate the advice that you've brought to us.

I do want to say that I take your point at the beginning about co-operation in the building and amongst us. I do want to you to know that not enough credit is ever given to the Liberals and the Conservatives and the NDP for getting together and doing some of the things we do together. The outside world doesn't see that sometimes, you see us in situations like this where we do disagree but there any many examples where do we work together. So I just wanted to add that to your speech.

Thanks for coming tonight.

Mr. Gerrard: Thank you for your careful description of what you've been involved with and how it relates to the decisions that we make here.

One of the things that you said was that you were unable to bring the solar shingles into Canada because there was laws against that. Could you explain that, is there anything—*[interjection]*

Madam Chairperson: Mr. Aisaican-Chase.

Mr. Aisaican-Chase: Oh, yes, I would be arrested at the American border for bringing them across the border. That's what I was told and we're not allowed to do that, even though over half of the research by Mansfield was done in Canada.

So, and this is the solar shingles I was told have to be distributed by all 50 of the States before they're going to allow the first shingle to come across to Canada. Which, I think, is atrocious.

Madam Chairperson: Thank you.

Do we have any further questions? If not, thank you so much for coming and waiting so long, appreciate it, Mr. Aisaican-Chase, thank you.

We will now return to the folks who we called at the beginning who dropped to the bottom of our list. So I will now call Clayton Rumley. No Clayton Rumley. So Clayton Rumley will now go to the bottom of the global list.

Kevin Perrier. Excellent. And do you have any written materials with you, Mr. Perrier?

Mr. Kevin Perrier (Private Citizen): I do not.

Madam Chairperson: All right then, please go ahead.

Mr. Perrier: My first time here, thank you for having me. Let me start off by saying I really appreciate all your labour for the province, your time that you spend here the last couple of days, I honour you for your commitment.

I'm just an average guy, when I heard about the PST hike I called and said is there anything—any way I can have a say. And they said, yes, you can just come and show up at such and such a date, we'll contact you and give you a time. So that's why I'm here today.

I guess not really knowing everything that would happen with the PST increase, the only thing that really troubled me was I wasn't asked. It was just kind of I can take your money without your permission.

And I'm in a different financial bracket than some of the other people that you may have been talking to today, I've been under \$17 an hour for some time. And a tax burden to me is a real blow.

And I mean it's only 1 per cent, but a per cent here and everything else I pay there it actually is added up over time and at a—surviving on a household income under \$36,000 a year is not an easy go.

And it's getting to the point for some people, it's easier to go on welfare than it is to keep trying to sustain the tax increase. And I would never go that option. I'm not afraid if there's cuts in my household, if you overspend you make cuts, you do what you have to do the right thing. If you overspend, then that's just irresponsibility where I'm from. And so it's painful sometimes to be cut back and you go without, but that's necessary because you have

priorities. You have a family. Your kids are a priority. Your wife is a priority. Having your motorcycle you always wanted is not a priority. That's somewhere—if that ever comes to pass, the sense of entitlement that I don't get to have, like I don't get to have certain benefits that are out there, working in a private sector.

So it kind of makes me on this end, like, hey, I don't get to be a participant. Many people are. I probably represent many people that say, I don't get to participate in having dental benefits or this benefits, but I can assure you, if you do a check on me in my last three jobs, I was probably honoured more in my sales performance and my work ethic, the first on time, the last one to leave. And it's never opened doors for me to get past that—the hump that I've always wanted to get past. I mean, I've applied for government jobs before and one time they said, well, to make sure that we're not discriminating, we're hiring native females. And I thought, you just discriminated against me because I'm qualified and you didn't even give me a consideration.

So I guess that's all I really have to say is that if you overspend, you do have to make cuts, and there's plenty of people out there who are willing to work. And I think if we feed the cycle of we need to keep paying everybody what they believe they're worth and give them all their benefits. I don't have them and yet, like I said, if you call my last three jobs, they will give me raving reviews about my performance. And if the government is looking for somebody who's a hard worker, I'm definitely one. Feel free to give me a call.

But, in the meantime, I'm all for if we have to make responsible cuts, then I think that's a necessary thing to do than to force some people into a position, do I go on welfare or do I continue to keep paying more without anybody even asking, can we? I mean I don't have any place I can come into here and say, well, you know what, I need money. I'm just going to stick my hand in this jar and take it. I support government workers. I just love you. I honour you, but it just—to me it crosses a line that says I can take your money without any permission whatsoever.

So any questions?

Madam Chairperson: Thank you, Mr. Perrier.

Questions?

Mr. Struthers: Mr. Perrier. Thank you very much for coming and speaking with—here tonight. I think that's good advice in terms of being reasonable with

cuts and responsible with cuts, and I think we should always be looking for better ways to provide services and more efficient ways. I think that's very good advice.

Madam Chairperson: Thank you so much for coming and waiting.

Other questions?

Mr. Gerrard: Just wanted to say thank you for coming—[*interjection*] Well, that's great.

Madam Chairperson: Anyone else? No? If not, thank you again.

And we're going back to Wendy Land. Is that correct? Is she here? If not, we will put her on the global list.

And then Curtis Monkman. No? So we'll put—Curtis Monkman will also go to the global list.

And do we have leave of the committee to ask if there is anyone else here who wants to present? [*Agreed*]

All right, do we have anyone else in the room who would like to present? If not, thank you so much. Thank you to everyone for—oh, sorry. I have a special space.

The hour being 10:19, what is the will of the committee?

An Honourable Member: The committee rise.

Madam Chairperson: Before we rise, it would be appreciated if members would leave behind the copies of the bill, so they may be collected and reused at the next meeting. Thank you all so much.

Committee rise.

COMMITTEE ROSE AT: 10:19 p.m.

WRITTEN SUBMISSIONS

Bill 20 – The Manitoba Building and Renewal Funding and Fiscal Management Act

The Manitoba Chambers of Commerce, established in 1931, is the umbrella organization for Manitoba's chamber movement. With a membership comprised of Local Chambers of Commerce as well as direct Corporate Members, the Manitoba Chambers of Commerce is Manitoba's largest and most diverse business lobby, representing over 10,000 businesses and community leaders.

We are pleased to be able to provide comments on Bill 20 – The Manitoba Building and Renewal

Funding and Fiscal Management Act. When the Balanced Budget, Debt Repayment and Taxpayer Protection Act was implemented in Manitoba in the mid 1990's it was viewed as an important measure to ensure the provincial government of the day had a duty and obligation to spend taxpayers money wisely.

Provisions in the Act provided Manitoba taxpayers with confidence that governments would not return to running annual deficit budgets without consequences. A key element of the Balanced Budget Legislation was that governments could not raise taxes without first going to the public through referendum.

Unfortunately what has been happening over the past number of years is that the provincial government has been continually amending Balanced Budget Legislation to the point where it barely resembles the Act that was established in the mid 1990's.

The most recent changes as outlined in Bill 20 – The Manitoba Building and Renewal Funding and Fiscal Management Act to Manitoba's Balanced Budget Legislation are of a major concern to not just the business community but all Manitobans.

Bill 20 proposes increasing the Provincial Sales Tax (PST) in the province from 7% to 8% resulting in a revenue increase to the provincial government of \$277 million annually. The most troubling part of the government's decision to increase the PST is the fact they are also changing the current Balance Budget Legislation which had stipulated that a referendum of Manitobans be held before increasing the PST.

At the Manitoba Chambers of Commerce 82nd Annual General Meeting held May 3-5, 2013 at the Elkhorn Resort and Conference Centre a resolution was passed unanimously by the Chambers in regards to the government's recent decision to increase the Provincial Sales Tax (PST) from 7 per cent to 8 per cent effective July 1, 2013.

The resolution passed by members is as follows: That the Premier of Manitoba respect the province's current Balance Budget legislation and the right for the people of Manitoba to have a voice in the decision on whether or not to increase the Provincial Sales Tax (PST) by 1% by holding a public and binding referendum s in which all citizens can either approve or disapprove of this increased tax.

In addition Chamber members also raised concerns with how this proposed tax increase will make our

already uncompetitive tax framework even more unattractive.

Manitoba businesses have raised concerns about how increasing the PST to 8 per cent will make us competitive with Saskatchewan which recently lowered their PST to 5 per cent.

When you add the increased PST along with our higher personal income tax rates, higher corporate income tax rate and that we remain one of the only provinces in Canada that continues to have a Payroll Tax it clearly shows we are establishing an uncompetitive tax framework when compared with other provinces.

According to a recent analysis by the Fraser Institute the PST hike that the provincial government is proposing will also result in a reduction in jobs and income growth.

Here's why: The provincial sales tax applies not only to items bought at the register but also to the cost of doing business. That includes capital goods (machinery, equipment and new technologies), materials, energy and other goods or services that entrepreneurs purchase and use to produce what they sell to their customers.

The higher cost of capital goods is by far the most detrimental feature of the PST, since investments in machinery, equipment and technology are the foundation of a stronger and more productive economy. A higher PST rate will further increase the cost of doing business, leaving entrepreneurs with less money to operate, expand, innovate, hire people and pay higher wages.

Partly due to the PST, Manitoba had Canada's second-highest overall tax rate on new investment in 2012 at 26.3 per cent. For perspective, the comparable rate was 16.2 per cent in Alberta and 17.9 per cent in Ontario.

In a world where provinces compete for mobile investment dollars, increasing the PST will make it even more expensive to invest and do business in Manitoba. By deterring investment, Manitoba families ultimately lose because less investment means reduced job creation and income growth.

From the Chambers perspective this government's decision to increase the PST raises a number of other questions?

- HOW will the \$277 million received as a result of the increase be invested?
- WHAT plan is there to provide a solution for the significant municipal infrastructure deficit?
- HOW will challenges for the business community surrounding an already uncompetitive tax framework (Saskatchewan currently has a PST of only 5%) be addressed?
- WHAT is the potential impact the proposed increase will have on consumers and businesses?

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

The Chamber stands firm in its opposition to the Province's decision to increase the PST. The blatant disregard for proper process around changing the legislation to avoid consulting with Manitobans is unacceptable.

We believe in holding broad discussion around the issue of the tax increase and have called on the government to abide by the law and take it to a referendum. The Province must not only let citizens have their say, but also take a step back to provide some answers.

The Chambers believe that a referendum provides many benefits as it provides clarity of purpose, transparency of investments, greater accountability in the reporting of results and show respect for the hardworking taxpayers of Manitoba.

Businesses across the province are clearly concerned with not only the government's decision to increase the PST but also the manner in which they are trying to accomplish it. We have urged the government to respect the legislative process.

The Manitoba Chambers of Commerce had called on the provincial government to delay the implementation of the proposed increased to the Provincial Sales Tax (PST) from 7 per cent to 8 per cent until Bill 20 was passed and the business community has an acceptable amount of time to make the proposed changes – unfortunately that appears to have been considered .

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

Unfortunately for Manitobans this government doesn't appear to be interested in engaging in a dialogue on this issue.

Thank you

Chuck Davidson
President & CEO
Manitoba Chambers of Commerce

* * *

Mr. Mickey Stanley's written submission to Bill 20, the Standing Committee on Social and Economic Development, The Manitoba Building and Renewal Funding and Fiscal Management Act, as a private citizen.

Date: July 4 2013

I write today as a resident of Manitoba who is very displeased about this pending legislation - Bill 20, which in the public domain is now also known as the 'Raise the PST act'. I am in disagreement with raising the PST in Manitoba to 8% for a number of reasons, the largest and most infuriating reason being that I believe the government of Manitoba is not efficient and could, and should, find the funds within government and aggressively work to reduce waste. I am also very displeased at the way in which this legislation was introduced, quite by the 'back door' if you will. Not a word about increasing taxes in the last election, in fact - the government committed to NOT raising taxes. The government ran on a platform of improving life for Manitobans, wanting to keep Manitoba affordable, safe, and an economically viable place to live and work. Instead, since that provincial election only a few years back, the government of Manitoba has aggressively introduced a number of new consumer taxes and increased the cost of living, and doing business in Manitoba. And, since the election, the government has allowed our province to slip back into debt - a position that was supposed to have been prevented by maintaining Balanced Budget legislation, which has also been eroded. And now this 1% PST increase, on the backs of residents and business, as usual.

I believe the added financial burden will be quietly borne by those who cannot afford the increase, and loudly by the already over taxed business community who generally do their very best to follow laws, regulations, the authorities, and common sense. Regrettably, the provincial government has chosen to do the exact opposite in allowing the 1% increase to begin being collected on July 1, 2013 without

following proper procedure, or common sense for that matter.

The government of Manitoba did not follow the rules concerning raising the PST by 1%, as hosting a public referendum is required for tax changes, as per:

C.C.S.M. c. B5 The Balanced Budget, Fiscal Management and Taxpayer Accountability Act, PART 2 - TAX REFERENDUM REQUIREMENT: Referendum required for tax changes: 10(1) Subject to subsection (2), the government shall not present to the Legislative Assembly a bill to increase the rate of any tax imposed by an Act or part of an Act listed below, unless the government first puts the question of the advisability of proceeding with such a bill to the voters of Manitoba in a referendum, and a majority of the persons who vote in the referendum authorize the government to proceed with the changes:

- (a) The Health and Post Secondary Education Tax Levy Act;
- (b) The Income Tax Act;
- (c) The Retail Sales Tax Act.

Instead, we've seen the government unwillingly host these hearings - the Standing Committee on Social and Economic Development, taking Bill 20 under consideration (The Manitoba Building and Renewal Funding and Fiscal Management Act) - grudgingly listening to the public and other elected officials, and finally relenting. What's more galling, if possible, is the audacious and 'take it or leave it' attitude constantly on display by not only the Finance Minister, but by the Premier and a number of other Ministers, on behalf of the government of Manitoba. Most politicians are fickle, but smart politicians are not only fickle they are also strategic; the members of the government of Manitoba have misjudged the public one time too many, and this contradictory behaviour will not only be remembered, it will be fuel for all parties going into the next election.

And finally, in closing, is the knife in my back, or sand in my eye, or the salt in wound: the worst part of this debacle, not the false promises during the election, not the back door introduction of the legislation, not the reticence to host a public referendum, but the worst part for me as a tax paying resident is that the government of Manitoba is refusing to tell me, and all the other Manitobans, where the funds will be directed.

Instead of strategically using this opportunity to address critical infrastructure issues in our great province, we'll be sending this consumer supported

tax stream (somewhere in the neighbourhood of \$277 million dollars) into the abyss known as General Revenue. And these funds will continue to support 'projects' the government of Manitoba deems more necessary than fixing the roads that allow hard working Manitobans to get to work, so they can pay for the very goods and services that will be taxed 1% more in support of this PST increase. The government of Manitoba has had over 13 years to get fiscal management right, to pull us out of the dreaded 'have not' state, to lead our residents with vision and passion, to keep Manitoba on the map and positively moving forward. Instead, we are in debt, with increasing taxes on the horizon and a population base that is willing to vote with their feet.

We look to you as elected leaders; act like it.

Respectfully submitted,

Mr. Mickey Stanley
Winnipeg, MB

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Re: Bill 20

I will start off by stating a few Questions:

Why did Mr. Selinger lie to the people when asking to be re-elected?

And should he not be held accountable?

It is one thing to make promises and not fulfill them, but to do exactly opposite of what was promised is an outright lie and when caught in a lie the liar immediately loses all credibility and as such should not be able to represent the people any more as he is not trust worthy. There should be some way to impeach or recall such a politician.

Why does Mr. Selinger's Government think they above the law?

By introducing the 14% PST increase they are Blatantly breaking the law with total disregard to the taxpayer that the law was suppose to protect. The Law that was to protect us from Big Bad Government. I say let the public vote on it.

The current Government acts as if they are above the people, the people that hired them. Take a look around the world and see how other nations have handled their governments when they have become the enemy of the people.

My Big Question is why our current Government has become the Main cause of inflation?

The current Government since taking office has steadily increased taxes in so many ways, they have raided the Crown Corps, they have expanded the PST 3 times and now includes services such as Plumbing and Furnace repairs and the last expansion now includes PST on Insurance Premiums and professional fees, they have increased the Gas tax and more.

The 14% increase on PST is way beyond inflation and it certainly has out paced the Tax payer. When was the last time an employee got a raise of 14%? I say never.

The Government is acting like an addict that continually has to feed and ever increasing habit.

I think an intervention would be in order.

And Yes I know the Government can Justify it all, But then everything can be justified – Good or Bad.

In 2004 the Government directed MPIC to take over the Drivers Licensing Dept. This move allowed the Government to take back into general revenues millions of dollars while transferring the load onto MPIC and there by transferring the load onto the rate payer. Another form of Tax and with very little public outcry. Instead of reducing our rates MPIC now does the job for that the government should be doing. MPIC is currently asking for a rate increase. They should reduce our rates and five the Drivers Licensing Dept back to the Government.

More recently MPIC was directed to pay out millions of dollars for road repair. This is certainly Not the mandate for Insurance Company. Thank goodness it was shelved but when will it reappear? Maybe after the 14% PST Hike has faded from the public view.

The 14% PST Hike will make us less competitive in the market place while Saskatchewan is at 5% and Alberta is at 0%

Along with the 14% PST Increase is the fact that Manitobans suffer from income tax Bracket Creep. Most other provinces lets their citizens keep the first \$15,000 of income before paying income tax not so in Manitoba even with the slight increase we only get to keep around \$9,000. In fact Manitoba has the 2nd highest income tax second only to Quebec.

The Government's revenue will increase without the PST 14% increase simply due to all the other tax increases that have been put in place.

Income tax and Corporate tax will increase as there is population growth and when taxpayers receive a raise, so does the Government.

PST with just the expanded coverage such as insurance premiums and professional fees will produce a huge increase.

User fees, Gambling, Liquor Tobacco, Land transfer, Gas and Sales Tax along with their increases will rise every year as the economy grows

The 14% PST Hike is just one of the many Tax increases that Manitobans have to deal with.

For me it is the straw that broke the camels back. I will become more politically and will encourage more public involvement to put a stop to unfavorable legislation.

For others the difference in Tax makes the move to Calgary affordable.

Remember the Money the Government is wasting or mismanaging is Our Money and ultimately the Government will answer to the people.

Keith Thompson

The Legislative Assembly of Manitoba Debates and Proceedings
are also available on the Internet at the following address:

<http://www.gov.mb.ca/legislature/hansard/index.html>