

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

Chairperson
Mr. Thomas Nevakshonoff
Constituency of Interlake

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MANITOBA LEGISLATIVE ASSEMBLY
Fortieth Legislature

Member	Constituency	Political Affiliation
ALLAN, Nancy, Hon.	St. Vital	NDP
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GERRARD, Jon, Hon.	River Heights	Liberal
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SELINGER, Greg, Hon.	St. Boniface	NDP
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<i>Vacant</i>	Morris	

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

Tuesday, July 2, 2013

TIME – 6 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Tom Nevakshonoff
(Interlake)

VICE-CHAIRPERSON – Mr. Dave Gaudreau
(St. Norbert)

ATTENDANCE – 11 QUORUM – 6

Members of the Committee present:

Hon. Mr. Lemieux, Hon. Ms. Oswald, Hon. Mr. Struthers

Ms. Blady, Mrs. Driedger, Messrs. Gaudreau, Goertzen, Nevakshonoff, Pettersen, Schuler, Smook

APPEARING:

Hon. Jon Gerrard, MLA for River Heights

PUBLIC PRESENTERS:

Mr. Philip Zubrycki, private citizen
Mr. Rod DeLaroque, private citizen
Mr. Shannon Martin, private citizen
Mr. Joseph Giesbrecht, private citizen
Mr. Ron Larsen, private citizen
Mr. Paulo Cordeiro, private citizen
Mr. David M. Sanders, private citizen
Ms. Janine Carmichael, Canadian Federation of Independent Business
Mr. Emmanuel Trawon, private citizen
Mr. Michael Bailey, private citizen
Mr. Tom Paulley, private citizen
Mr. Maurice Lacy, private citizen
Mr. Ray Garnett, private citizen
Mr. Shaun Horan, private citizen
Mr. Sam Katz, City of Winnipeg
Mr. Bob Preston, private citizen
Mr. Cyril Keeper, private citizen
Mr. John Lambkin, private citizen

WRITTEN SUBMISSIONS:

Doug Dobrowolski, Association of Manitoba Municipalities
Matt Henderson, private citizen
Florence Horan, private citizen

MATTERS UNDER CONSIDERATION:

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

* * *

Mr. Chairperson: Order, please. Good evening. Will the Standing Committee on Social and Economic Development please come to order.

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

Hon. Theresa Oswald (Minister of Health): Yes, I'd like to nominate Dave Gaudreau as the Vice-Chair.

Mr. Chairperson: Mr. Gaudreau has been nominated. Are there any other nominations?

Hearing no other nominations, Mr. Gaudreau, you are elected Vice-Chairperson.

This meeting has been called to consider Bill 20, The Manitoba Building and Renewal Funding and Fiscal Management Act, (Various Acts Amended). As per agreement of the House dated June 20th, we had planned to hear from 30 of the presenters registered to speak to Bill 20 tonight; however, we have had a couple of cancellations, and so we now have 28 people scheduled for 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 marked with an asterisks on the list. With this in consideration, in what order does the committee wish to hear presentations?

Mr. Kelvin Goertzen (Steinbach): In accordance with tradition of the committee, I would suggest we have out-of-town presenters heard first.

Mr. Chairperson: Mr. Goertzen has said. Is that agreeable to the committee? *[Agreed]*

We also have a request from Mr. Philip Zubrycki, who is in a wheelchair, and also has other, I think, respiratory issues, and would like to present

first. Would that be agreeable to the committee as well? *[Agreed]*

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

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

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

As well, I'd like to inform presenters that, in accordance with our rules, a time limit of 10 minutes has been allotted for presentations, with another five minutes allowed for questions from committee members.

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

Written submissions: The following written submissions on Bill 20 have been received and distributed to committee members: Doug Dobrowolski, president, Association of Manitoba Municipalities; Matt Henderson; Florence Horan. Does the committee agree to have these documents appear in the Hansard transcript of this meeting? *[Agreed]*

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

Thank you for your patience. We will now proceed with public presentations.

I now call Mr. Philip Zubrycki, private citizen. Mr. Zubrycki, do you have any written materials for the committee, sir?

Mr. Philip Zubrycki (Private Citizen): No, Sir.

Mr. Chairperson: You may proceed when ready.

* (18:10)

Mr. Zubrycki: Mr. Chairman, members of the committee, I am a private citizen who is here to speak towards the 1 per cent PST. I'll try not to be too verbose and take up too much time, but it seems to be very controversial.

The thing is, you know, you can fool some people all the time, and all the people some of the time, but you cannot fool all the people all the time. I'm sure you've all heard that before.

I'm sure you've heard of socialism in all its gory glory. Karl Marx wrote the bible and Machiavelli wrote the I-tactics.

Well, you don't have to be a politician or a political science to understand what's going on here—political scientist. However, I'm not here to bore you with those kind of things. I would just like to say that MPI has over \$2 billion in assets as well as the motor vehicle licensing registration. The—Hydro has been raped and the stabilization account has been drained. Things like that have happened.

Now, what I see happening is, it's much the same as when you have a credit card and you overextend yourself and you keep paying the minimum balances. And eventually it catches up and the interest ends up being more than what your original debt was. I think that's what's happening here in Manitoba. The finance charges, the interest rate on what's been borrowed is higher than what the original budget is. So we're double—the budget is double what it should be.

I am on a fixed income. I was retired in 2000, I taught school for 22 years and I was—worked for the Manitoba Telephone System for 14. I worked for 36 years in this province. I'm on a fixed income, fixed in 2000. My dollars that I made in 2000 are now worth 67 cents, approximately.

The one percentage point will certainly hurt me and other low-income people, people on social assistance, people who are retired and don't have a pension, people who are—these kind of people can't afford the 1 per cent; they don't have the 1 per cent to be throwing around.

I live—I'm a single person and I live in my own house that I own, cost me just as much for taxes as if there was two or three of us living there; cost me just as much for taxes for hydro; cost me just as much for water and electricity. But I don't get any rebates on that.

Now the—according to the Bank of Canada official site, the rate of inflation 2000-2013 was 29.61 per cent. The annual average rate was 2000—excuse me—2.02 per cent.

So a hundred dollars—just to show you how drastic inflation is, a hundred dollars in 1914, you'd need \$2,084.75 today to equal a hundred-dollar buying power in 1914. To equal a hundred-dollars buying power in 2000, today you would need \$129.61.

Now, I did some quick calculations on the Bank of Canada investment calculator, and if I'd put a thousand dollars into a GIC—right now the average GIC is 1.6. If I put it in there for five years, at the end of five years I would have \$980. So investing in safe, secure things are not exactly the way out of this for the—a private individual, and I don't think it is the way out for the government either. I think you have to do some creative financing and start watching your pennies.

And, although I will agree that in a country as rich as Canada, no one should starve, no one should go without shelter and no one should go without medical care, no matter what their circumstances.

Thank you, very much, for your attention.

Mr. Chairperson: Thank you, Mr. Zubrycki.

The floor is now open for questions.

Hon. Stan Struthers (Minister of Finance): Well, Philip, I just want to thank you for coming in. I know you made an extra, special effort to get here, and I appreciate that and I appreciate the advice you've given to us tonight. So thank you very much.

Mrs. Myrna Driedger (Charleswood): Thank you, very much, Mr. Zubrycki, for being here and for sharing your comments with us.

I'd like to ask you a question. How do you feel about the NDP raising the PST, yesterday, while there are still 200 people like yourself that have not had a chance yet to come here and state your views about this legislation?

Mr. Zubrycki: Philip Zubrycki. I'll quote Prime Minister Chrétien who, when there was a raise in

Parliament and they asked him if he was going to take the raise and he said, yes, because he obeys the law, and he—well, it's the law that he gets the raise. He forgot to mention that he made the law. And I don't think anyone in Canada is above the law, but this government seems to be applying that kind of principle to themselves.

Mrs. Driedger: Do you think the NDP government should reverse their decision to raise the PST?

Mr. Zubrycki: I would say, yes, but the thing is, I realize they're in a financial dither and I don't know what they're going to do instead. It might be worse.

Mrs. Driedger: Because the NDP basically pushed the law through yesterday, or pushed the PST through yesterday—the law hasn't been passed; they haven't called a referendum, which is supposed to happen with the current law. They're ignoring 200 presenters that have not yet had a chance to state their opinion, so, therefore, they're really not following the process that is before us. What message is that sending, do you think, to ordinary Manitobans?

Mr. Zubrycki: Well, I would think, as I said before, no one is above the law. However, I think their disrespect for the law is to be a reflection on everybody, so no wonder we've got the highest crime rate in Manitoba.

Hon. Jon Gerrard (River Heights): Thank you, Mr. Zubrycki, for coming here and presenting. Just a question on the referendum itself. We were legally required to have a referendum. In fact, that's still the law on the books now. Are you of the opinion we should've had that referendum?

Mr. Zubrycki: Yes, I definitely think they should've had the referendum, although the outcome may have been obvious, but the thing is they still—still should've conformed with the law.

Mr. Chairperson: Seeing no further questions, Mr. Zubrycki, I thank you for your presentation.

I now call Mr. Nestor Molina, private citizen. Mr. Nestor Molina. Mr. Molina's name will be dropped to the bottom of tonight's list.

Call Mr. Martin Howard, private citizen. Mr. Martin Howard. His name will be dropped to the bottom of tonight's list.

Mr. Rod DeLaroque, private citizen. Rod DeLaroque. Mr. DeLaroque, do you have any written materials for the committee, sir?

Mr. Rod DeLaroque (Private Citizen): No, Sir.

Mr. Chairperson: Seeing none, you may proceed.

Mr. DeLaroque: First off, I'd like to thank members of the Liberals and PCs for fighting for taxpayers. It's a hard job. I know what it is because the ones on the opposite side of you are more like a dictatorship than anything democratic, and I don't care what's in their name.

I've lived in this province all my life. I've run a small business for the last 25 years, and every time we turn around, this government is taxing us somewhere and it's killing us. And I happened to phone in to COJOB call-in show, asked Mr. Selinger, said, listen. I'm a small business. Every time I turn around, my gas is going up for service trucks. My licence is going up. Now my insurance is now taxed, thanks to this, people. I said my—what are we supposed to do? My mother's 86 years old. She likes to live in her own house, and if we weren't coming in and helping her with what she's got for her nurse's pension and the rest of her CPP, she wouldn't make it.

And you know what his response to me was? He told me, you got a small business in Manitoba. You don't pay taxes. Now, to tell you the truth, if I'd have crawled through the phone, something would've happened. Don't tell me that I don't pay taxes. Every time I go into the gas station, every time I turn around, every piece of tool that I put in my shop is taxed. Don't tell me I don't pay taxes.

* (18:20)

This is getting to the point where this is a mess. This is a mess, set—this is a mess, built by this—people on this side of the room. As much as you people want to sit here and turn around and blame the Filmon government for 15 years ago, you cannot blame people for when you have been in power 14 years for this. You know, you—it's absolutely appalling.

I was at the rally here in the Parliament buildings. I have never been to a political rally in my life, but I was at that one, because I burnt and I've had enough and your vote tax is another thing. If you people cannot fundraise on yourself, if you're too lazy to fundraise on yourself, stay out of my pocket. I will support a party that I decide to support. Don't tax me.

You know, you've—the amount of money that was done, you—this PST is supposed to go for

infrastructure, fine. How come in your whole thing, there's \$200 million but there's only \$60 million into infrastructure. Where's the rest of it going to go? It's going to go into a black hole called general revenue. Is it not?

You know, you—flood mitigation. You guys—you want to know a perfect example and I didn't realize it until two weeks ago. I went and did a service call up at Oak Point, Manitoba, right on Lake Manitoba. Went up, asked the farmer there, I said, what's the lake doing? He said, oh, it's way back. But in 2011 you people went up, put a dike all the way around Oak Point. That road, the main road, was probably up another four or five feet. Okay, why wasn't it left there? But he—Eddie tells me no, lake's way down, but he says, go back out there, he says, drive down, he says, they just tore it all out and I'm going well, why did they tear the road out; it was a dike. You built it, you gravelled it as a road, why did they tear it out? All the people in Oak Point have no idea why it was tore out, but you spent more money sending another crew in there to tear the road out and put it back where it was before. It makes no financial sense to me, because what happens if you have a flood again. Now, you got to go back up there, spend thousands of dollars with these people with these huge sand bags to try and protect that town when you already had a dike that was built there and could have stayed there for a hundred years and nobody up there would have bothered it.

I cannot understand the waste of the money in this government. There is—you have—every year you've put more money into health care but we seem to have more pencil pushers and a whole office buildings full of people that are sucking six-figure salaries off this—off that money, plus benefits that we're paying for. And none of that money ever gets into front-line service. Get your act together, start cutting some of this stuff that you don't need and stay out of my pocket because I'm maxed out and so are a lot of the seniors in this.

You know, I don't know whether any of you people on this side of the room have seniors on a fixed income but I know a whole bunch and they're having a tough time. It is—you know, I have a little bit of red hair in here and I'm trying to stay calm but this burnt me. I cannot believe what this is. You know, I've been in here—I'm on ground that's been in my family 114 years and you know what, I have no idea what you're going to tax next year but really I—now I got to start considering. I can pull wrenches, I can pull and I can go into Saskatchewan and I can

make a heck of a lot better money, pay a lot less taxes but I got roots in this country that I'd like to stay here, but you people are making it, to the point, where Saskatchewan is starting to look pretty good. Even if I have to leave my mom and my family, I got to start really crunching numbers in the bottom line because this isn't going to work. You've taxed us to the death. Enough is enough. Start finding ways to cut some of the bureaucratic fat that is in this government.

Thank you very much.

Mr. Chairperson: Thank you for your presentation.

Floor's open for questions.

Mr. Struthers: I'll just thank you for coming in, Mr. DeLaroque. I'm glad you came in and met with us and gave us the advice that you did.

Mrs. Driedger: Thank you, Mr. DeLaroque. What burns you the most out of everything that's happened with the PST raise? Is there something in particular that you find most offensive?

Mr. DeLaroque: You're just going to shove it down my throat illegally. It's unwarranted, to top off. There's lots of fat in this government you can shave off and not do 1 per cent on everybody. Especially seniors, it's—that's what burns me. If I did what you guys did, I'd be in jail.

Mrs. Driedger: How do you feel about the NDP raising the PST before hearing from all 200 speakers that have signed up to speak to this bill?

Mr. DeLaroque: It reminds me of only one thing: 1960s Communist Russia.

Mrs. Driedger: Do you think the NDP should reverse their decision to raise the PST?

Mr. DeLaroque: Put it to a vote, and let the people in this province decide. That's the law. Put it to a vote. If you're too gutless to put it to a vote, which is exactly what they're doing—now you get this. You force it down people's throats, and it's unwarranted.

Mr. Dennis Smook (La Verendrye): Mr. DeLaroque, as a small business owner, do you find, in the last number of years, that your income is going down and down? I know the government has said they have lowered your threshold for taxes, but do you find at the end of the year there's no money left to pay taxes, because of everything that's been happening to you as a small business?

Mr. DeLaroque: Everything I go to do is going up. I can't even—I do commercial safeties in my shop.

Every time I go and pick up safeties and books from this government, they've gone up, but they don't let me put my price up to do a car safety. That car safety is set by you at \$55. Now those—just the papers alone are almost 10 bucks a set. Well, now I'm working for 45 bucks. You won't let me put my price up on all those safeties, but, every time I go for them, the price has gone up. Every time I go—every time I've got to buy tools—going to here—now I'm going 8 per cent up. Every time I fill my service trucks with gas, boom, it's going up. You know, I can't send it—put all that extra cost back to my customers; you can't.

Mr. Chairperson: I'll come back to you, Mr. Smook.

Mr. Gerrard: That—just a little bit more about your business—that price that you get or what you earn from a safety, that's been the same for quite a number of years.

Mr. DeLaroque: Yes, it's been the same for a long time.

Mr. Gerrard: Is that since the NDP came into power?

Mr. DeLaroque: I've been doing safety since—when was it?—'95, so it was probably—but they've set that—like a normal amount of safety, according to these guys, it's 55 bucks. Okay, now I don't know how people are doing it in Winnipeg. Because most—I'm going to—I've got a labour rate of 65 bucks an hour out of town. Okay, I've already lost 10 bucks because there I've got to buy the sheets, so now I'm down to 45 bucks.

It takes you—if you're going to do a real safety, it's going to take you on an automobile at least an hour or more. So I don't know how these guys in Winnipeg doing \$105 an hour are doing a safety, because you're losing money. You know, you can't do that. But it's setup—the only way you can try to make it—your money back is when you go to the customer and say, listen, we need to do this and we need to do this and we need to do this to safety it. Then you can recoup what you lost, but I can't recoup everything.

Mr. Goertzen: Mr. DeLaroque, you made a good point about—I would hate to see you leave the province and see your business leave the province, but I don't think the government understands how mobile business actually is and that businesses can actually leave, and I think that they're relying on the fact that business people might be inclined to stay because of family or those sort of reasons.

Can you speak a bit more about how you might have to come to the decision to leave the province if, in fact, you aren't able to continue to make a reasonable living for the amount of time and money you're putting into your business?

Mr. DeLaroque: I would—you know, I would love to—I'm born and bred in this province. You know, like I said, I—my family's been on the same ground for 114 years. But you—there gets to be a point where you start crunching numbers and, you know, my mom's 86. She's in the yard right beside me. We're basically looking after her because she's living by herself and, really, right now she's the only, you know, she's the only thing that's really keeping me here. Like, if something happened to her, you know, she's 86, if something happened and I've got to start crunching numbers, I'm better off to go to Saskatchewan. You know, I can—I got 30 years as a diesel mechanic; I can go pull wrenches anywhere I want, but my home is here. I'd love to stay here, but, when you start crunching numbers, it's—sooner or later it's not going to add up, and I have no idea what they're going to tax next year.

* (18:30)

Mr. Chairperson: Okay, time for this presentation has expired. Thank you very much, Mr. DeLaroque.

Call Mr. Shannon Martin, private citizen.

Mr. Martin, do you have any written materials for the committee, sir?

Mr. Shannon Martin (Private Citizen): No, I don't.

Mr. Chairperson: You may proceed.

Mr. Martin: Good evening. My name is Shannon Martin. I'm here this evening as a private citizen. I always appreciate being part of the democratic process or at least part of the illusion perpetuated by today's NDP.

I struggled as to what to say this evening regarding Bill 20, the broken election promise and fiscal mismanagement act, because, let's be honest, the PST was increased yesterday. I mean, we're simply going through the motions here, and so are the other 199 people behind me.

When first introduced in 1995, balanced budget legislation was described by the NDP as, and I quote, a cynical pre-election ploy, a political gimmick, that no government needs balanced budget legislation, one of the most dangerous pieces of legislation, a bill

that is destined to make Manitoba the laughing stock of the financial management world.

Now, despite all those comments, today's NDP made another election commitment, one of their so-called five core commitments to, quote, maintain balanced budget legislation. So fundamental was this commitment to the people of Manitoba, they told us: Keep this card; we'll keep our promise.

It's worth commenting on the number of times various NDP MLAs have stood up in the Legislature in the last decade-plus touting the line: A promise made is a promise kept. Or the other golden oldie: We weren't elected to raise taxes.

Do I talk about how, during the 2011 election, the MLA for St. Boniface, your Premier (Mr. Selinger), admonished those that suggested you would raise the PST as, quote, ridiculous idea and total nonsense?

Do I point out that former Finance minister—NDP Finance minister—publicly stated, in reference to increasing the sales tax, and I quote: With the global recession causing so much economic uncertainty for Manitoba families, we don't think it makes sense to impose new sales taxes. We are not prepared to risk the economic recovery by undermining Manitoba's growing consumer confidence.

I never thought I would lament the loss of Ms. Wowchuk as our Finance minister. Perhaps I should reference that, when the federal government removed the Wheat Board monopoly without an accompanying plebiscite, something they actually campaigned multiple times on, the then-minister of Agriculture and current Finance Minister was so enraged that he stood at the steps of the Legislature to denounce it as, quote, heavy handed, regressive and antidemocratic.

So disturbed was the Finance—or the minister of Agriculture by this affront on democracy, that he transferred approximately \$80,000 from general revenues to his comrades at the Friends of the Canadian Wheat Board so they could fight the good fight.

This most recent and 'blasant' disregard for balanced budget legislation should not come as a surprise. Considering taking balanced budget legislation out to the woodshed to beat into submission has become a bit of a pastime for today's NDP.

In 2008, you removed the requirement to balance the budget annually, replacing it with the requirement to balance over a four-year average. In 2009, you suspended the requirement to make annual minimum debt repayments. In 2010, you eliminated the need to balance the provincial budget and eliminate penalties that were imposed on Cabinet ministers for not balancing it.

In 2013, well, we know what you've done. You've hiked the PST by 14 per cent, pushed back the promised return to balanced budgets by a few more years and 'reduced'—reduced the penalty on Cabinet ministers for posting successive budgets—posting successive deficits.

Do Manitobans even realize that you've increased the PST by approximately one-half billion dollars in the last decade through multiple PST expansions and hikes? I wonder if we will see that on one of your brochures.

I believe Manitobans are starting to wake up to the fiscal reality facing us. A few months ago the Bank of Canada was again warning Canadians that interest rate hikes are on the horizon. While most of us look at interest rate hikes in terms of our own mortgages or loans, the government of Manitoba looks at it very differently. A 1 per cent increase in the interest rate adds approximately \$20 million to the Province's carrying costs over an annual basis. Yet the NDP blame global uncertainty and say that they need wiggle room.

The NDP like to point to the string of balanced budgets and the decreasing level of net debt to GDP as a testament to their fiscal prowess. But, as they post seven successive deficit budgets and the highest debt-to-GDP ratio seen in Manitoba in over a decade, they can't wipe their hands fast enough of responsibility.

You see, if things are good in Manitoba, well, they're good because we're led by the NDP. If things aren't good in Manitoba, well, it's because those other provinces aren't led by the NDP, or I assume that's what they tell themselves at Cabinet meetings.

Less than half of the cash the Province expects to raise from the sales tax hike this year will be spent on infrastructure, despite a pledge that every dollar will be spent on flood proofing and building bridges and roads. The 2013 budget calls for the Province to spend \$1.8 billion on infrastructure, up \$80 million from last year. This increased spending represents 40 per cent of the expected haul from the sales tax

hike. The other 60 per cent simply goes into that black hole of general revenues.

So much for the Finance Minister's claim, and I quote: That every dollar that goes into this plan will be spent on Manitoba's critical infrastructure needs.

While the NDP may, for the most part, parrot the standard lines, I must give some credit to the MLA for Fort Rouge who acknowledged that she, quote, knows that it's going to mean that families are going to have to pay more for the things that are important to them. And while acknowledgement is nice, action is nicer.

In conclusion, the NDP have, with the bill, advised Manitobans that they find democracy a bit of an inconvenience. Despite being elected on core commitment to keep balanced budget legislation, today's NDP have consistently shown their disdain for any of its accountability provisions. Whether it's scrapping repayment provisions or ignoring balancing requirements, the NDP have done everything in their power to water down legislation that was once viewed as a model. However, never has this disdain for accountability been more evident than the decision to hike the PST to 8 per cent, while ignoring the referendum provisions as mandated by law.

After years of breaking the spirit of the referendum provisions by expanding the PST on multiple occasions, the NDP have given up all pretence of fiscal responsibility and have grabbed on to taxpayers' wallets with both hands. The NDP frame their budget as, quote: focused on what matters most to families. I would never suggest that I speak for most Manitobans or the people of Morris, but, in this instance, I can speak for myself, and I can tell you that this budget is not focused on the needs of my family. Increasing my family's PST burden by an estimated \$6,000 in the next decade is not offset, as the Minister of Finance (Mr. Struthers) tries to suggest, with a \$250 increase in the basic personal tax exemption, something that will reduce my income tax next year by at most \$27.

According to the provincial budget, a middle-income family of five will actually pay more personal income tax this year than last year. Of course, this is the same Finance Minister who describes a tax cut as, quote: robbing the provincial treasury.

Politics should be more about—should be about conviction, about believing in what you say and,

more importantly, in what you do. If increasing the PST to 8 per cent is the right choice for building a better Manitoba, then, instead of forcing Manitobans to accept it through electoral muscle, convince us. Allow voters the right under the law to utilize a referendum provision that exists to either agree or disagree with you. Funny how we can hold a general provincial election, put forward dozens of divergent ideas, hold multiple debates, all in the course of approximately one month. But, when it comes to a referendum on a single issue, we are told that there's no time. We all know what bunk that argument is considering it's been two and a half months since the budget was first introduced before the PST was hiked.

Of course, our collective calls for a referendum are ignored, and we are told that it's too expensive, too time-consuming, and it's for infrastructure or mom's apple pie. And we needn't worry because it's time-limited; it will automatically be reduced on June 30th, 2023, because the same NDP government who breaks the law today will ensure that it's followed tomorrow.

Instead of waiving a referendum provision on the balanced budget legislation, we would be better off waving good-bye to 14 years of mediocrity and ineptitude, as brought to you by today's NDP. It's never been more evident that Manitobans don't need balanced budget legislation. Manitobans need a balanced budget government.

Thank you.

Mr. Chairperson: Thank you, Mr. Martin.

Floor is open for questions.

Mr. Struthers: Thank you very much, Shannon, for coming in. It's been a while since I've seen you, so thanks for coming in.

Mrs. Driedger: Thank you, Mr. Martin.

Were you aware that last year the NDP siphoned away \$320 million from the infrastructure budget? They're trying to convince everybody right now that they need this PST hike because of desperately needed infrastructure money, and yet last year they siphoned away \$320 million from infrastructure and they refuse—the Minister of Finance (Mr. Struthers) has refused to tell us where they put that money.

Are you surprised to hear that?

Mr. Martin: Am I surprised? No. Nor am I surprised that the government last year increased the gasoline tax by \$50 million, increased the vehicle

registration fees by \$20 million, and extended the PST for another \$100 million, all again in the name of infrastructure. That's another almost \$170 million that's supposed to go to the infrastructure pie.

* (18:40)

Mrs. Driedger: And would you be surprised to know that when we ask the Minister of Finance where he intended to spend the 277 in new PST money, that he actually refused to provide a specific list of those projects, but said to us, wait, at the end of a year, after we do the spending, we'll tell you where we spent it? Well, after it goes into general revenue, I guess we can quite imagine how they'll cherry-pick and decide where that \$277 million will be spent.

Are you surprised at all by his refusal to provide us with that information?

Mr. Martin: I'm not surprised by anything this government does anymore. I'll be honest, though, I'll give you credit, Finance Minister; the PST hike did surprise me. But other than that, in the last 14 years, there's little that's been done by this government that surprised me. I mean, a lot of the announcements we see have been reannouncements or items that have been in the works for several months, if not several years. I'm not discussing or debating the importance of those announcements; it's where the funds are drawn from and in the legitimacy of taking those funds when the law says you simply can't.

Mrs. Driedger: Why do you think the government doesn't want to provide us a list, a specific list, of where these infrastructure—where the PST money's going in all this supposed infrastructure that they're going to be spending it on? Why do you think the government is refusing to provide us with that kind of information?

Mr. Martin: The impression I'm left with, from what I read and the interviews and journalists asking the same questions, this is very much a cocktail napkin infrastructure. I mean, everything this government seems to be announcing is last minute. I would imagine that they simply don't have an idea where a lot of the funds are going. And it's fly-by-the-night spending.

Mr. Gerrard: Yes, give us your view on why they're—this government is raising the PST.

Mr. Martin: The simplest answer is we have a government that can't live within its own means. I mean, successive budget after budget has shown

every-overspending. I mean, they talk a good talk. I mean, back in 2009-2010, I still remember Minister Chomiak coming out and talking about the belt-tightening exercises and former Premier Doer about counting every nickel.

But, sure, they counted every nickel, but then they turned around and spent every nickel. I mean, they talk a good talk about restraint, but they never follow through on it; and their own budget numbers show that. I mean, even a couple of budgets ago, when they said, you know, we're going to hold the line at, you know, keeping spending at around, you know, 3 per cent; it never materialized. They continually overspend and show an aversion to actually making the choices to hold the line on some of those departmental spending and hold on some of their pet projects.

Mrs. Driedger: Mr. Martin, do you suspect that the \$277 million that they're taking in from the PST hike could be used as a NDP slush fund so that they could position themselves well for the next election?

Mr. Martin: I would suggest that, not only can it be, that it is being used as a slush fund. And you're going to see a lot more announcements, and I would suggest it's probably one reason why the by-election isn't being called, so that we don't turn off the tap on announcements by this government.

Mrs. Driedger: Mr. Martin, what do you think—the way the government is handling all of this, what do you think this says to young people and kids out there that might be seeing how this government is handling this issue and, you know, the manipulation of it? What does that say to children?

Mr. Martin: What this government is saying to not just children but Manitobans in general is that being elected official isn't an honourable profession, that you can say anything to get elected as long as you get elected, and that is the bottom line. It's more important to take power at any cost as opposed to take power or gain power through legitimate means.

It's about making—it's a government that shows that you can make any promise as long as it plays well to the crowd and then, after the election's held, make any excuse in relation to that promise, or broken promise in this case.

Mr. Chairperson: Time for questions and answers has expired.

Mr. Martin, I thank you for your presentation.

Call Mr. Joseph Giesbrecht, private citizen. Mr. Giesbrecht, do you have any written materials for the committee, sir?

Mr. Joseph Giesbrecht (Private Citizen): I do not.

Mr. Chairperson: You may proceed.

Mr. Giesbrecht: Good evening, Mr. Chairman, members of the committee. I thank you for this opportunity to speak to you all.

I'm obviously opposed to Bill 20 for two reasons: (1) It's a financial and creatively bankrupt option; (2) it's an ethical and moral bankrupt option.

(1) The financial, creative bankrupt option: You promised that you would end the deficit spending by 2014—next year. It's not going to happen. You promised not to raise taxes and here we are into the second year, second round of major tax increases, last year increasing the base and this year increasing the tax itself.

Where does this leave us? Well, it feels like we're just spinning wheels and the deficit still remains. It's frustrating. You deficit-spent in good times or took from the kitty. You deficit-spent in the recent bad times of the recession—understandable. Now you tell us the Manitoba economy is strong, and yet we're still deficit spending. You back that up by saying, well, we must deficit-spend because the future of the economic uncertainty—that we must deficit-spend. So, when we actually go into a recession again, what are we going to do while we're still deficit spending?

The Manitoba advantage is swiftly slipping through our hands as housing costs, fuel, food, everything is increasing drastically, while wages have not kept pace. If you're lucky, they've kept pace with inflation. And, to top it off, taxes keep rising.

You forced the hands of municipalities to raise taxes, a provincial entity. You forced the hands of school bodies to raise taxes, another provincial entity. You forced the hand of Hydro, another provincial entity, to raise rates, a.k.a. taxes, and they keep raising for the next decade, minimum. And now the Province itself continues to raise taxes. There comes a breaking point, if we have not reached it yet. You cannot keep raising taxes without accountability to follow.

I grew up in a poor family. Sometimes all we had was Kraft Dinner for supper. More than once I took a marker to my shoes to make them look new again, cover up the big patch. I grew up with

recycling, reusing, repurposing before it was fashionable to do so, because it was the practical and affordable thing to do. My shirt actually is—I like my shirt, but the buttons keep popping off, so I keep reusing them because I like my shirt. Why throw it away?

My father grew up in a poor family. When his parents decided to return to Canada in the '60s, they came with nothing but the clothes on their back. Literally, my father came to Manitoba barefoot. His ancestors made the long trek from Holland to Prussia to Russia and finally to Canada. Due to the survival, they learnt to be resourceful, frugal and living within their means, all the while caring for those around them.

My great-grandfather and his father and his father were the orphan director of the church in the—in Manitoba here and in Russia. They balanced frugality and compassion.

On my mother's side, my great-grandmother escaped with their lives from Russia through the Soviet advances in the 1920s. Her siblings were not so lucky. Some ended up dying in cattle cars as they were rerouted, put back onto cattle cars and froze to death on their way to Moscow. Some died in Siberia, never to be heard from again. My great-grandparents and her—my great-grandmother and her parents left Russia and came here with nothing. Through all these hardships, my family consistently tried to live within their means.

Why do I tell you this? Because you, the NDP, claim to be the party of the poor and the oppressed. Yet you do not share the same values of my family, some of the poor and oppressed.

My family heritage has passed down to me some very important values in my opinion, they being: (1) a strong work ethic. Work hard, work honest, don't expect handouts, but be gracious and ever so thankful when you do a get a hand up. And, also, personally help those around you. (2) Living within our means. Some call this being frugal; some call it being cheap. Pay only what you can afford, focusing on essentials first, like food, shelter, your health. Cutting out wants from needs in time of necessity.

So I bring all these personal anecdotes back to you, the government. This sudden rush to raise the PST, the lack of deficit reduction, leaves me with the conclusion that this government's work ethic is lacking or slothful. Otherwise, how can a diligent and dutiful working government go from promising

not taxes—not raising taxes and slaying the deficit next year to constant, major tax increases and, all the while, the deficit remains unevaded?

* (18:50)

This government is living beyond its means. You keep saying we need to raise taxes to support critical infrastructure. This is nothing but political posturing and, dare I say, lies. It is very frustrating as a frugal Manitoban to see our money frittered away on non-critical items. Our society always wants and wants and wants. Somewhere the line between need and want have been blurred.

One very simple example that has been bothering me for a while is splash parks. Please tell me, since when have splash parks become critical infrastructure? They are nice things to have, don't get me wrong, but they're definitely not critical infrastructure. My grandparents, my parents and myself have all survived without splash parks. My daughter and her cousins enjoyed Canada Day yesterday splashing away with nothing but the sprinkler. With that cheap sprinkler, using their imaginations, they will have had just as much fun, if not more, than an expensive splash park. This is just one example of frivolous spending we cannot afford.

You threaten us saying that, without tax increases, critical infrastructure and front-line services will be cut. You're telling us there is no savings found within the government budget. You go out and spend hundreds of thousands of dollars on one splash park here and one splash park there, and then have the audacity to say that front-line services and critical infrastructure are at risk if we do not swallow these tax increases. I call out your bluff, and I call you to account right here and right now. Like we do not know how to manage our finances as individuals and families, we are told to spend within our means. If need be, cut back on non-essentials. We've all heard of the latte factor, I'm sure, where, if we just cut back on one latte a week or a day, we can repurpose that money to pay down debt or get our finances back in order. Well, splash parks are the Province's latte, and I'm sure there is—in this province there can do—we can do without new splash parks for the time being, and I know there are many, many more latte factors that this Province can cut back on until we're back into the financial straight and narrow and can actually afford these projects. You are, in fact, not focusing on what matters most.

This brings me to point two: the ethical and moral bankrupt option. Mr. Selinger insinuated that a

tax increase would not happen, and multiple NDPs, MLAs promised it would not happen. Suddenly, there is panic and emergency to increase taxes. Again, this leads Manitobans and myself to conclude that this government does not know how to budget or plan long term. This threatens our province—our viability as a province, as we must all incur debt repayment. What shall we do when interest rates begin to rise?

With all that's being said, why has the Province denied our right to a referendum? We are now into day two of this illegal tax increase. You have increased a major tax without a referendum. This is not an ordinary tax increase where you can increase proactively before the bill is passed into law. You have not struck down the referendum requirement for this tax increase, as you're still only at committee stage right here. Therefore, this government is breaking the law. Moreover, it is showing contempt for Manitobans by trying to remove this right to vote.

We as Manitobans have very few chances to voice our rights: one being a general election and the other being a referendum. You have now denied, or attempting to deny us, our right to a referendum. How dare you—how dare you? On one hand, you are fighting the federal government over the Canadian Wheat Board referendum debacle or writing into law the requirement for referendum to sell Hydro. Is that a joke now? Then, on this other hand, you're contradicting yourself and stripping us of that same referendum right. This shows you are morally void and you can no longer carry with authority the right to call yourselves defenders of democracy. You should remove the D from the NDP. You have lost all credibility, in my eyes, as a responsible government.

If you are so sure that this tax increase is the right way to go, and Manitobans believe this or you believe Manitobans believe this—

Mr. Chairperson: One minute, Mr. Giesbrecht.

Mr. Giesbrecht: —I now ask you, with all sincerity, either rescind this tax increase or at least show respect for Manitobans and bring this to a rightful referendum vote.

Thank you.

Mr. Chairperson: Thank you, Mr. Giesbrecht.

The floor is now open for questions.

Mr. Struthers: Yes, thank you, Mr. Giesbrecht.

I thought your presentation was very thoughtful. I do take your point about the difference between needs and wants. We do have a lot of needs out there. I'm sure every Manitoban can agree that there are infrastructure projects that need to have the funding of the Province and of the—our partners in the—in Ottawa. We do need to fund those.

Where—what's your advice to me on where we would find the money to actually participate in funding the needs of society, things like roads and hospitals?

Mr. Giesbrecht: Oh, sorry. Did you not increase gas tax last year? Where did that go? That's—

Mr. Chairperson: Minister Struthers.

Mr. Struthers: Yes, The Gas Tax Accountability Act says that all that money, every nickel, goes back into roads and bridges into—in the province. So that is there and that's where that money went.

But I think you understand my point, and that is that we do need to continue with infrastructure. We need to work with our other partners in other levels of government. We need, as every government in the—every jurisdiction in the country needs to find sources of revenue in which to do that.

I was just wondering where you think would be fair for us to find that revenue.

Mr. Giesbrecht: Going back, I don't think we need to find extra revenue. I think we can cut back on non-essential services such as multi-hundred-thousand-dollar splash parks. They're not essential. They're nice to have, but they're not essential. I think there's many items like that. I'm sorry, I'm not privy to all the budget, and I have another job and life and everything else, so I don't know all the ins and outs of all the little details, but if—that's just one little example. I know there's many, many more examples of non-essential items that we can cut back on for now until we have our books in order.

Mr. Goertzen: Thank you, Mr. Giesbrecht, for your presentation. I appreciated it you bringing sort of personal touch about your family and your own values.

Mention that you're the father of a young daughter. Can you talk a little bit about how you're concerned about her future, about—with uncontrolled spending and spending that doesn't seem to have priorities? Can you just talk about it from a father's

perspective what your concern is for your daughter in the future?

Mr. Giesbrecht: Well, I mean, we've set up a fund for—to help my daughter go to school. It's not very much. We've also taken responsibility to set up a little account for her. So she goes around, she does her chores and she puts that money—she gets half of that, she can spend that; the other half goes into savings. We're teaching her responsibility from the get-go.

This government is kind of worrisome because it's ultimately her and her children. It won't really affect me as much now, but it will be her and her children because one day there's a reckoning coming where they're going to have to pay this debt or the debt repayment is going to be significantly larger and it's going to have an impact on her life.

Mrs. Driedger: Thank you, Mr. Giesbrecht. You have spoken very, very eloquently as a young man here in Manitoba, as a young father. What do you feel in terms of hope for the future if this PST goes through and stays out there, if the NDP don't rescind it? What does this do, do you think, for Manitoba and future generations?

Mr. Giesbrecht: In one word, demoralizing. It really is demoralizing. It's frustrating and demoralizing in general. Not just for young but everybody. Talked to my whole family, all my friends. It's like, huh, whatever. They're frustrated with paying more taxes and not seeing anything significant in return for that.

Mrs. Driedger: Do you think that more young people—like, your age, you're much more mobile than, you know, past generations. Do you think that we might be seeing more people deciding to look for greener pastures where they can keep more of their hard-earned money?

Mr. Giesbrecht: Absolutely. If it were not for all my family being here in Manitoba, we would have moved, either Saskatchewan, Alberta or who knows. Like—but my family's here. My wife's family is here. At least for the time being, until my daughter's grown up, we're staying here, but for people that are more mobile, don't have those family ties, absolutely.

Mr. Gerrard: Yes, thank you for your presentation. I think you've made a pretty strong point about moral and ethical bankruptcy, and I think you were referring in part to the fact that this government fought for one referendum and, on the other side, has got rid of this referendum and that that really is very

bad judgment from a moral and ethical point of view. Is that right?

Mr. Giesbrecht: Absolutely. That was one point, the moral. One was that we were lied to specifically in the election regarding no tax increase. So lying there, and then the contradiction in referendum and democratic rights and by removing our referendum rights here.

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

Now call Mr. Ron Larsen, private citizen. Mr. Larsen, do you have any written materials for the committee, sir?

Mr. Ron Larsen (Private Citizen): No, I do not, sir.

Mr. Chairperson: You may proceed.

* (19:00)

Mr. Larsen: Thank you. I'd like to thank the committee for hearing me out.

Well, I realize I am wasting my time speaking here. As you have clearly pointed out, you don't care what Manitobans have to say, because you're going to push this tax increase through no matter what. I have to wonder how far this Province is from going bankrupt. Obviously, you are desperate for this extra infusion of cash. For whatever the spin it is this week is how it will be spent.

I don't believe anything this government has to say, and how can I? It's one lie after another. I'm sure if I went to my boss and said, boss, I'm a lousy money manager, so I must take another 500 a month from you, I would be shown the door.

Remember, you work for us, but your arrogance doesn't show that. You have turned it around so we work for you so you can take more money from our pockets, food off our tables, create more hardships for families that are already taxed to the max.

There was a time when governments taxed so that they could do what needed to be done. Deliver necessary services. And now you tax and tax and tax until we can't pay anymore and then you wring a little more blood from the stone. You are pathetic.

There is a law in place that says we get to vote before any taxes are raised. You say you are putting money where Manitoba families have told they want it, but now you override the referendum. So you don't really want to hear what Manitoba families have to say.

I moved out of Winnipeg years ago because crime was getting out of hand. Now I'm looking at leaving the province because the crimes of government are getting out of hand. And I'm not the only one. I encourage young people to leave because the dictatorship here cares not about you or your family. Two years is a long time to try to survive being overtaxed and, yes, maybe things will start to improve in two years, after you are voted out. But can they wait for that?

The way I see it, as a taxpayer, I'm your boss, you work for Manitobans. I, for one, demand your resignation. Thank you.

Mr. Chairperson: Thank you, sir.

The floor is open for questions.

Mr. Struthers: Yes, thanks, Mr. Larsen, for coming to the Legislature and presenting to us tonight.

Mrs. Driedger: Thank you very much, Mr. Larsen.

How do you feel that the NDP are raising the PST before you and everybody else, 200 others, that have taken time to sign up for this, and the NDP have—or can't be bothered to listen to all of you first as they should with the process and instead have put through the PST, and now you're all coming here to present your views, but the deed is done.

How does that make you feel as a Manitoban?

Mr. Larsen: It makes me feel like I don't count. NDP is very rude and arrogant. They just don't care. You'll do what you want to do.

Mrs. Driedger: Do you, Mr. Larsen, think that this is going to affect the number of people that might consider looking to move elsewhere?

Mr. Larsen: Absolutely. One hundred per cent. I know many.

Mrs. Driedger: Can you tell us what you are hearing out there from the people that you, you know, are friends with or your family members. What are you hearing from other people? The NDP don't seem to be hearing it or listening to it. Can you tell them what you're hearing out there they need to hear and so that they pay attention to what all of you are saying here?

Mr. Larsen: I don't care for the Roughriders, but we may move there. It's not worth it staying here. It's not affordable.

Mr. Gerrard: Yes, thank you for your presentation. And just to give people here a little bit of an

impression, maybe you can tell us what work you do and how the impact is of the PST and the way this government is behaving.

Mr. Larsen: I work three different jobs now. I try to keep up, try to pay your guys' taxes. It's not easy and getting nowhere. I can't put money away. I don't have a gold-plated pension. Nothing. I'll never retire. I'll always work until I die.

Mr. Ron Schuler (St. Paul): You know, I want to thank you for coming to committee. We've had several individuals who I suspect—have you ever had the opportunity to present to a legislative committee like this before?

Mr. Larsen: No, as you can tell by my shaky voice, probably.

Mr. Schuler: You know what, to you and several other individuals who I suspect this was your first opportunity, you know it takes a lot of courage to come here, sit in front of professional politicians and speak from the heart and say what you feel. And your impact on your life and, you know what, it goes a long way for us.

Look at the whites of the eyes of taxpayers and hear you say honestly what you feel and, to all of those before you, and perhaps those who are still coming, we really appreciate when middle class citizens come here and give their impression of what's happening, and I just want to thank you on behalf of the committee for doing that and having the courage.

Mr. Chairperson: Seeing no further questions, sir, I thank you for your presentation.

That concludes our list of out-of-town presenters.

Going back to the top of the list, I call Claire Cooper, private citizen. Claire Cooper will be dropped to the bottom of tonight's list.

Call Cathy Cook, private citizen. Ms. Cook will be dropped to the bottom of tonight's list.

Call Paulo Cordeiro, private citizen. *[interjection]* Pardon me? Okay, somebody went to the washroom. Well, they should identify themselves with the staff at the back of the room when they return and if it's one of those individuals—well, as I said, if she will inform our staff at the back of the room. As for now, we will carry on, though.

Paulo Cordeiro. Mr. Cordeiro, do you have any written materials for the committee, sir?

Mr. Paulo Cordeiro (Private Citizen): Yes, I do.

Mr. Chairperson: Our Chamber staff will distribute them for you. You may proceed when ready, sir.

Mr. Cordeiro: Okay. I've come here today to stand up against an injustice the NDP government is trying to perpetrate against all Manitobans. How can you break the law by raising the PST without a referendum? How can you say that you will not raise taxes during an election, only to do so soon after? Would it not have been better to just cut spending?

So why am I here? I've asked myself this question because, despite what I will say here today, it will not stop this illegal tax increase. So, with that said, I want to know why it wasn't enough to have risen the fuel tax, increased Autopac registration fee, applied a provincial sales tax on insurance products and spa treatments. I also want to know why the income tax paid by many Manitobans is still not enough to fund this province's expenditures.

From Mr. Selinger, I want to know why he lied to the people of Manitoba when he made the promise during the election not to raise any taxes. From my MLA for Burrows, Melanie Wight, I want to know why she is voting with this liar. I want to know why \$186-million tax and fee increase last year is still not enough for this government to work with. I also want to know why my rights as a voter are being denied by the NDP government. I furthermore want to know why I must now tell my children to make a life outside this province. I want to know why I have to head to the United States to shop to make ends meet.

Can you now take a few minutes to answer my concerns? Thanks.

Mr. Chairperson: Thank you for your presentation.

The floor is open for questions.

Mr. Struthers: I want to thank you, Mr. Cordeiro, for coming into the Legislature and talking with us and giving us your advice tonight. I appreciate that.

Mrs. Driedger: I suspect, Mr. Cordeiro, that you're not going to get many answers from this government tonight because we've been asking these same questions, as the opposition, for the last couple of months, and we are getting nowhere. In fact, the government seems to be deaf to this particular issue.

How do you feel? I mean, you have come here with some great questions. You obviously are feeling some emotion when you talk about your children perhaps moving away from you, that the

environment here in Manitoba is just not where they can excel and make a great living. And the comments you made are really excellent. And you've said some great things.

* (19:10)

I guess I'm just wondering, you know, you're feeling, and many people have, that the NDP government lied to them. How does that make you feel, as a Manitoban, when you know that your government will say anything to get elected?

Mr. Cordeiro: I just feel I can't trust the politicians any more, of any party, unfortunately.

I did suspect, going into this election that the best outcome for Manitobans was a minority government, because that keeps your feet to the fire. Unfortunately, Manitobans didn't think that they were going to raise the PST; I did because I know Mr. Asper had recommended that 9 per cent increase, and that's coming, unfortunately, if this government stays in power. And, who knows, the sky's the limit from there.

But, based on all that, I'm taking steps right now, to stop investing in this province, tell my children to, you know, make a life for yourselves elsewhere. You got to understand that, in Saskatchewan, my income level, I would be saving about \$3,500 in taxes and I think Alberta's about \$4,000, something like that. And I'm definitely certain that they don't have a lot more expenses than we do. And Alberta, yes, they have the housing, but our housing is going nuts. So, yes, I'm strongly recommending that my kids look elsewhere. And look—and, you know, move west, because right now it seems that's the place to go.

How can Saskatchewan be at 8 per cent at one point and lower their PST to 5 per cent and you guys are going the other way? That's absurd, you know. I made the decision to come here based on tax, and I chose wrong. I really did.

Mr. Goertzen: First of all, thank you for coming.

You made a number of points that concern me. It concerns me that you might ask your kids to go somewhere else. It bothers me to hear that. It concerns me that you have more scepticism for the political system now, overall, and that concerns me, too. And I think it's unfortunate, but I don't think it's unreflective of what a lot of people probably feel these days. And we'll certainly do our best on this side to earn your trust, but I want to answer one question for you because I don't think the

government is going to answer any of the questions that you raised.

But you'd asked why are you here. You're here because you're brave and there's a lot of other Manitobans who might not have the time, might be uncomfortable to come here in this kind of a forum and speak to MLAs. They might not think it makes a difference, but I want you to know you're representing thousands of people. And you've come here because you have the ability, you express yourself well and don't think it was a waste of time because you touched a lot of people, I know, on this side of the table and you're representing a lot of people who couldn't come here for a lot of different reasons.

So thank you very much for being here tonight.

Mr. Gerrard: Thank you for coming and for talking so well to the members of the committee and asking some good, pointed questions, which the government has been very reluctant to answer.

Perhaps I could ask you to tell us a little bit more about your children and what ages they are at, and, oh—

Mr. Chairperson: Mr. Cordeiro.

Mr. Cordeiro: So I have four children; three girls and a boy. One is 16 and I'm telling her, you know what, you have to prepare, maybe, to move out and look for a better place, where it's more reasonable to live, keep more of your money to spend the way you want to, not the way the government wants to.

And then I have a 13-year-old, and, again, I'm also laying the foundation there, telling her, you know, you can't trust politicians, unfortunately. Once they be—get into power, and they have the majority, that's it, they'll never listen to you. As you can—where's the leader? Where's Mr. Selinger? He's not here. So he doesn't care. And, so—and I have—sorry—so she's 9 years old, and, again, there you can't say much, right? They don't understand. And then the boy's 4 years old, and, again, he's not going to know.

But I—yes, I see a bad situation for them. You know, like I said, I made a decision to come to this province because of the tax situation. Saskatchewan, at the time, was 8 per cent; they are now a lot better than us, and that is an option, to go look there. And, in fact, this summer we'll be heading west and asking questions and seeing how it really is in those provinces, and not what I'm told by the NDP government.

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

Call Mr. Robert Wonder, private citizen. Robert Wonder. His name will be dropped to the bottom of tonight's list.

Mr. Jason Thompson. Jason Thompson will be dropped to the bottom of tonight's list.

William McCartney, private citizen. Mr. McCartney's name will be dropped to the bottom of tonight's list.

David M. Sanders, private citizen. Mr. Sanders, do you have any written materials for the committee, sir?

Mr. David M. Sanders (Private Citizen): Yes, Sir.

Mr. Chairperson: Our Chamber staff will distribute them. You may proceed.

Mr. Sanders: Mr. Chair, my name is David Sanders, and I am appearing as a private citizen in support of the enactment of Bill 20.

I served the Manitoba government as a senior civil servant for some 18 years, during the last century. But since my service predated the election of all of the present members of the Legislature except the Honourable Steve Ashton, I'd like to take a moment to introduce myself.

I've had the privilege of working for four successive provincial government administrations, led by Walter Weir, Ed Schreyer, Sterling Lyon, Howard Pawley; and I've served 12 different ministers responsible for Health and Social Services, Mines and Natural Resources, Urban Affairs, Housing Renewal Corporation, Municipal Affairs, Justice and Constitutional Affairs, Provincial Land Use Committee of Cabinet and Emergency Measures Organization. I served as assistant deputy minister of Planning for the Department of Municipal Affairs, and I twice served as deputy minister of Urban Affairs.

I do have a master's degree in political studies and economics, half an MBA plus a law degree. I'm a practising lawyer for pro bono cases, been a certified management consultant, a commercial real estate agent, and for the past 18 years, I've conducted property and business tax assessment appeals for almost every major commercial and institutional property owner in this city, plus many more in Manitoba, Saskatchewan, Alberta. And I've designed and taught post-graduate courses in city planning,

political studies, public administration and natural resources management, and certificate courses in public sector management and [inaudible].

So I'm somewhat familiar with the content in which this bill is placed before you. I am a lifelong Winnipegger and a Manitoban by birth, by upbringing and by choice. And based on my extensive training and experience in the public sector, in private businesses and in many community organizations in this province, I am firmly convinced that our responsible government institutions can and should serve as the primary means for organizing ourselves to meet the varied needs of our diverse communities in for ensuring that all of our citizens, now and in the future, have access to those facilities, services and experiences which will enhance the quality of life we all wish to enjoy.

And that is why I believe that I and most of our fellow citizens are prepared to pay more taxes in order to finance a full array of public service and programs as required to secure sustainable prosperity and opportunity for all. Indeed, that's why we Manitobans continue to elect New Democratic governments to lead us.

Opponents of Bill 20 say it strips Manitobans of their democratic right to determine when major tax increases are necessary. There is no such democratic right.

I was privileged to assist Premier Sterling Lyon and Attorney General Gerry Mercier and to participate personally in the extensive inter-governmental constitutional negotiations of 1980-81, when the Charter of Rights and Freedoms was defined. And it includes the following democratic rights of citizens: point 3, every citizen of Canada has the right to vote in an election of members of the House of Commons or of a Legislative Assembly, and to be qualified for membership therein.

* (19:20)

That's the democratic right, and I believe it is the duly elected and sustained government, which has not only the right but the heavy responsibility to determine when tax-major tax increases are necessary and just as the duly elected government has both the right and responsibility to incur expenditures and to borrow funds as it deems necessary on our behalf.

Opponents of Bill 20 say that, through Bill 20, the provincial government wants to increase the retail sales tax known as the PST by 1 point without

the legally required referendum. On the contrary, through Bill 20, the government is enabling a legal increase in the retail sales tax without holding a referendum.

And I would like to point out when the Progressive Conservative government enacted the original Balanced Budget, Debt Repayment and Taxpayer Protection Act in 1995, in an attempt to restrict and limit the powers and resources available to future governments, which might have a broader view of the proper role of the provincial government, 'sectual'—section 12 of that act still made specific provision for the amendment, repeal, override or suspension of operation of that act requiring only that the new bill be referred at the committee stage, to a standing committee of the Legislative Assembly which provides the opportunity for representation by members of the public with at least seven days' notice.

So, as contemplated by the Progressive Conservative government in 1995, here we are at standing committee, hearing public representations before the current version of that legislation is amended—entirely legal and above board as foreseen 18 years ago.

And for those who are upset that the increased tax has been imposed on July 1st, before Bill 20 is passed, they ought to know that there's absolutely nothing unusual about the 'imposition' of taxation once it has been announced but before the actual legislation is formally approved.

And, with respect to the retail sales tax in particular, section 29(2) of the present act permits regulations to be made retroactive in order to implement a tax included in a budget presented to the Legislative Assembly, as here, or an amendment to the act, as here. And Canadian—federal and provincial—governments do this all the time.

Now opponents of Bill 20 say an increase in the PST is excessive taxation that will harm Manitoba families. Well, that's a matter of opinion, which is certainly open to debate, and it is a matter of choice. Our provincial retail sales tax equal to 8 per cent or more is deemed acceptable in all but three other provinces of Canada at this time. BS-BC and Saskatchewan are at 7 per cent now, and, while Alberta still has no sales tax, dealing with its present flood disaster will change everything there: expenditures, deficits, borrowing made, even tax rates.

When Duff Roblin's Progressive Conservative government introduced the retail sales tax in Manitoba in 1964, it set the rate at 5 per cent, which, at that time, was higher than any other province in the country.

The present Manitoba government estimates that the 1 per cent increase in PST here in 2013 will cost the average family about \$25 a month or \$300 per year; that's the price of a cup of coffee per day, I suppose. It's significant, but hardly harmful for Manitoba families.

What would be really harmful for Manitoba families, in my opinion, would be for the government to slash \$500 million annually from the budgets for hospitals, Medicare, Pharmacare, schools, post-secondary education and training, child and family services, personal care homes, law enforcement and corrections, highways and transportation, parks and recreation, culture and heritage 'fatiliges'-facilities and services, Aboriginal and northern development, agriculture development, water services and stewardship, environmental protection, energy and economic development initiatives, affordable housing, labour and employment services, and all the other public goods and services, which we Manitobans have learned to provide for ourselves and our neighbours through our collective efforts.

I have seen such budget slashing before personally. When the Progressive Conservative government of 1977-81 implemented the policy, quote, acute protracted constraint, closed quote. And I watched it again when the Progressive Conservative government of 1988-99 adopted an austerity policy, which was aimed especially at nurses and teachers. Frankly, I don't want to see that movie again. Instead, for now, Bill 20 extends the end of the present economic recovery period from 2014 to 2016 to allow more time for growth and 'recovery' revenues and improvements in government efficiencies to enable the reduction of the annual deficit.

Now, with respect to the 1 point in the PST, Bill 20 requires that for the next 10 years, 2 points or 25 per cent of the 8 per cent total retail sales tax be spent on the Building Manitoba Fund and other public infrastructure. The Association of Manitoba Municipalities and the mayor of the city of Winnipeg have been demanding that the Province give them 2 points of the existing 7 per cent retail sales tax to spend on municipal infrastructure. The municipal

leaders didn't say whether they wanted the Province to slash its own expenditures by \$275 million or else increase its annual operating deficit for that amount, but those would have been the options.

The municipal officials certainly weren't averse to accepting more sales tax revenues, and since 1 point of the retail sales tax revenue is already—

Mr. Chairperson: One minute, sir.

Mr. Sanders: —committed to providing grants to municipalities, Bill 20 does, in fact, respond to the request.

Frankly, and you'll hear later, I'm sure, but I would ask you to read the balance of my statement. I am concerned, then, where Winnipeg complains loudly about the cost of replacing municipal infrastructure, even when he proudly states that Winnipeg has the lowest municipal property taxes among all of Canada's largest cities. It has a very healthy fiscal stabilization reserve fund equal to 8 per cent of its annual tax-supported expenditures, and its net debt per capita is only \$1,400 per year.

As a Winnipeg citizen and taxpayer, I would prefer that my city government first levy reasonable property taxes and implement a capital project financing plan—

Mr. Chairperson: Order, sir. Thank you for your presentation.

The floor is open for questions.

Ms. Oswald: I was wondering if it would be the will of the committee to have this presentation appear in Hansard in its entirety as has been the case for some other citizens who weren't quite able to finish in their 10 minutes.

Mr. Chairperson: Ms. Oswald has said. Is that agreeable to the committee? *[Agreed]*

Madam/Mr. Chairperson

Re: Bill 20

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

My name is David Sanders, and I am appearing as a private citizen in support of the enactment of Bill 20.

I served the Manitoba Government as a senior civil servant for some 18 years during the last century, but since my service predated the election of all of the present members of the Legislature except the Honourable Steve Ashton, I would like to take a moment to introduce myself.

I have had the privilege of working for four successive provincial government administrations, led by Walter Weir, Ed Schreyer, Sterling Lyon, and Howard Pawley. I have served 12 different ministers responsible for Health and Social Services, Mines and Natural Resources, Urban Affairs, the Manitoba Housing and Renewal Corporation, Municipal Affairs, Justice and Constitutional Affairs, the Provincial Land Use Committee of Cabinet, and the Emergency Measures Organization. I served as Assistant Deputy Minister (Planning) for the Department of Municipal Affairs, and twice served as Deputy Minister of Urban Affairs.

I have a Master's degree in Political Studies and Economics, half an MBA, plus a law degree. I am a practicing lawyer for pro bono cases. I have been a Certified Management Consultant, and a commercial real estate agent. For the past 18 years I have conducted property and business tax assessment appeals for almost every major commercial and institutional property owner in this City, plus many more in Manitoba, Saskatchewan and Alberta.

I have designed and taught post-graduate courses in city planning, political studies, public administration and natural resources management, and certificate courses in public sector management and purchasing management.

So I am somewhat familiar with the context in which this Bill is placed before you.

I am a lifelong Winnipegger and Manitoban, by birth, by upbringing, and by choice.

Based on my extensive training and experience, in the public sector, in private businesses, and in many community organizations in this Province, I am firmly convinced that our responsible government institutions can and should serve as the primary means for organizing ourselves to meet the varied needs of our diverse communities, and for ensuring that all of our citizens, now and in the future, have access to those facilities, services and experiences which will enhance the quality of life we all wish to enjoy.

That is why I believe that I and most of our fellow citizens are prepared to pay more in taxes in order to finance a full array of public services and programs, as required to secure sustainable prosperity and opportunity for all.

That is why we Manitobans continue to elect New Democratic Governments to lead us.

Opponents of Bill 20 say it strips Manitobans of their democratic right to determine when major tax increases are necessary.

There is no such "democratic right."

I was privileged to assist Premier Sterling Lyon and Attorney-General Gerry Mercier and to participate personally in the extensive intergovernmental constitutional negotiations of 1980-81, when the Charter of Rights and Freedoms was defined, to include the following:

Democratic rights of citizens

3. Every citizen of Canada has the right to vote in an election of members of the House of Commons or of a legislative assembly and to be qualified for membership therein.

I believe it is the duly elected and sustained government which has not only the right, but the heavy responsibility, to determine when major tax increases are necessary. Just as the duly elected government has both the right and the responsibility to incur expenditures, and to borrow funds as it deems necessary, on our behalf.

Opponents of Bill 20 say that, through Bill 20, the provincial government wants to increase the retail sales tax, known as the PST, by one point without the legally required referendum.

On the contrary, through Bill 20, the Government is enabling a "legal" increase in the retail sales tax without holding a referendum.

I would like to point out that when the Progressive Conservative Government enacted the original Manitoba Balanced Budget, Debt Repayment and Taxpayer Protection Act in 1995, in an attempt to restrict and limit the powers and resources available to future governments which might have a broader view of the proper role of the Provincial Government, section 12 of that Act still made specific provision for the amendment, repeal, override and suspension of operation of that Act, requiring only that the new Bill be referred to the committee stage to a standing committee of the Legislative Assembly which provides the opportunity for representations by members of the public, with at least seven days' notice.

Well, as contemplated by the Progressive Conservative Government in 1995, here we are, at standing committee hearing public representations, before the current version of that legislation is amended.

Entirely legal, and above board, as foreseen 18 years ago.

For those upset that the increase tax has been imposed on July 1st, before Bill 20 is passed, they ought to know that there is absolutely nothing unusual about the imposition of taxation once it has been announced, but before the actual legislation is formally approved. With respect to the Retail Sales Tax in particular, Section 29(2) of the present Act permits regulations to be made retroactive in order to implement a tax included in budget present to the Legislative Assembly, or an amendment to that Act. Canadian federal and provincial governments do this all the time.

Opponents of Bill 20 say an increase of the PST is excessive taxation that will harm Manitoba families.

Well, that is a matter of opinion, which is certainly open to debate. It is a matter of choice.

A provincial retail sales tax equal to 8% or more is deemed acceptable in all but three other provinces of Canada at this time. BC and Saskatchewan are at 7% now, and while Alberta still has no sales tax, dealing with its present flood disaster will change everything there – expenditures, deficits, borrowing, maybe even tax rates.

When Duff Roblin's Progressive Conservative Government introduced the retail sales tax in Manitoba in 1964, it set the rate at 5%, higher than any other province at that time.

The present Manitoba Government estimates that the 1% increase in the PST here in 2013 will cost the average family about \$25 per month, or \$300 per full year. That's the price of a cup of coffee per day, I suppose – significant, but hardly "harmful" for Manitoba families.

What would be really harmful for Manitoba families would be for the Government to slash \$500 million annually from the budgets for hospitals, medicare, pharmacare, schools, post-secondary education and training, child and family services, personal care homes, law enforcement and corrections, highways and transportation, parks and recreation, cultural and heritage facilities and services, aboriginal and northern development, agriculture development, water services and stewardship, environmental protection, energy and economic development initiatives, affordable housing, labour and employment services, and all the other public goods and services which we Manitobans have learned to

provide for ourselves and our neighbours through our collective efforts.

I have seen such budget slashing before personally, when the Progressive Conservative Government of 1977-81 implemented a policy of "acute protracted constraint." And I watched it again when the Progressive Conservative Government of 1988-1999 adopted an austerity policy which was aimed especially at nurses and teachers. Frankly, I don't want to see that movie again.

Instead, Bill 20 extends the end of the present "economic recovery period" from 2014 to 2016, to allow more time for growth in government revenues and improvements in government efficiencies to enable the reduction of the annual deficit.

With respect to the one point increase in the PST, Bill 20 requires that for the next 10 years, two points or 25% of the 8% total Retail Sales Tax revenue be spent on the Building Manitoba Fund and other public infrastructure.

The Association of Manitoba Municipalities and the Mayor of the City of Winnipeg have been demanding that the Province give them two points of the existing 7% Retail Sales Tax to spend on municipal infrastructure. The municipal leaders didn't say whether they wanted the Province to slash its own expenditures by \$275 million, or else increase its annual operating deficit by that amount – but those would have been options. The municipal officials certainly weren't averse to accepting more sales tax revenues.

Since one point of the Retail Sales Tax revenue is already committed to providing grants to municipalities and local capital projects through the Building Manitoba Fund, per section 8(b) of The Municipal Taxation and Funding Act, Bill 20 does in fact respond to the municipalities' request for a greater share of provincial tax revenues.

Annual expenditures from the Building Manitoba Fund, for municipal grants and local capital projects, must be no less than 1/7 of the Retail Sales Tax Revenue, per section 8(b) of the Municipal Taxation and Funding Act. So the estimated full year increase of \$275 million will mean at least another \$40 million per year, on top of the existing 1% of Retail Sales Tax already dedicated to the Building Manitoba Fund.

At the same time, I have to wonder why the Province should bear the fiscal and political pain of bailing out the Mayor of Winnipeg, who complains loudly

about the cost of replacing municipal infrastructure, even while he proudly states that:

- Winnipeg has the lowest municipal property taxes among all of Canada's large cities -- \$1,536 for an average home assessed at \$233,800 in 2013.
- Winnipeg maintains a very healthy Fiscal Stabilization Reserve Fund equal to at least 8% of its annual tax-supported expenditures.
- Winnipeg's Net Debt Per Capita was only \$1,400 in 1995, it dropped to \$700 when City Hydro was sold to Manitoba Hydro, and it has only recently crept back up to \$1,400 per capita this year.
- Winnipeg maintains an excellent tax rating, Aa1 with Moody's.

Recently the Mayor literally doubled his requested budget for the Southwest Rapid Transit Corridor Phase 2 and related projects, and demanded that the Province expand its share of the costs to cover off the reduced level of federal funding now available only through acceptance of the federal Conservative Party's ideologically mandated Public-Private-Partnership project system. Which the City just bought its way out of in the case of the brand new Winnipeg Police Service's South District Station.

As a Winnipeg citizen and taxpayer, I would prefer that my City Government first levy reasonable property taxes and implement a capital project financing plan which involves borrowing at reasonable interest rates, and repayment over the economic life of the public assets acquired and rehabilitated. Only then will the City be able to make credible requests for additional federal and provincial funding.

Finally, I understood that some of the Provincial Sales Tax revenues will be devoted to flood control works and protection. I know a little bit about the importance of such public services and infrastructure, having once served as Executive Secretary of the Manitoba Water Commission, and later as the EMO ADM responsible for the 1979 Red River Valley flood fighting and evacuation operations. Most Winnipeggers probably don't appreciate the foresight and determination of Premier Duff Roblin and the water resources engineers who built the Red River Floodway, and Premier Gary Doer and the Floodway Authority who expanded it after 2005.

The same foresight and determination needs to continue to be applied throughout the vulnerable areas of Manitoba now.

If we all need to pay more taxes, so be it.

As a proud Manitoban and New Democrat, I believe we are all in this together.

Thank you,

David M. Sanders, M.A., LL.B.

Fort Whyte Provincial Constituency

Mr. Goertzen: Yes, it's worth noting since it's being put into Hansard, I believe that the Saskatchewan PST is 5 per cent. His reference said 7 per cent. Just as a correction for the record.

Also, I appreciate the presentation. Thank you for coming. I—that's—we appreciate everybody who's coming to committee tonight. We've heard from a number of people who—young fathers, people living with disabilities, just tonight, and we've heard from many others last week, struggling, who would disagree with your assertion that it's not harmful to them. Now, I don't know your economic circumstances. For me, it might not be as painful, but I've heard from a lot of people who are telling us here at committee that it is painful for them, that it is hard. And I suspect we're going to hear from a lot more who say it is painful. Do you disagree with them? Do you think they don't know their own financial wherewithal? Do you think they're not up on their own finances? Or why would so many people be coming from so many different walks of life who are saying this PST increase will be harmful, but you're suggesting that they are all wrong.

Mr. Sanders: I'm not suggesting that they're all wrong, and I'm sure that they understand their financial position, and they are talking about having to pay more provincial sales tax when they are having a hard time making ends meet. I understand that. I also believe that the programs and services, which they benefit from, to a large degree, would hurt them more, if you will, if they were slashed rather than what is a relatively minor change in their consumption tax [*inaudible*] families. And I say that, I have six children and 12 grandchildren, some of which are here and some are elsewhere, and some of them have to count their pennies, too, and I certainly have in the past. But, on balance, I believe that it's appropriate to raise additional taxes and maintain the level of funding and services which we've come to

expect and to need for the growing population of this province.

* (19:30)

Mr. Struthers: Yes, thank you, Mr. Sanders. Thanks for coming to the Legislature tonight. I appreciate the advice you've brought to us. I thought you did a very good job of analysing what a 1 per cent across-the-board cut would do, which has been proposed by the Conservative leader in our province. I'd be interested to know who would pay—who would suffer most in a situation where there are deep cuts like that across government services? Wouldn't that, too, be the people who, right now, have low incomes and depend mostly on those services?

Mr. Sanders: Depending on how the government cut budgets, the government did the typical thing, which has happened federally and which happened previously provincially, it's an across-the-board cut of the larger departments which means, generally, front-line workers providing front-line services to people such as those who are making presentations here tonight.

Mr. Gerrard: Yes, just clarification on one point. Thank you for your presentation. You had mentioned that the City of Winnipeg is buying back its involvement in a recent P3 project. Are you implying that the City might do the same thing with the rapid transit project if it were a P3 program?

Mr. Sanders: Not that they would buy it back, but rather that is a serious shortcoming of the federal program to insist that the only way in which the federal funding is now available is if you agree to follow that particular mechanism for planning and financing projects, which, in the case of the City of Winnipeg, as it's turned out to be, the case of the south Winnipeg district police station and current interest rates, not a good deal.

And yet no option is provided under the federal program, and, worse, the federal program involves a further cutback in the federal share. It is one of the many reasons why there is a squeeze on provincial governments in order to finance their infrastructure and the very substantial assistance which is provided to municipal and school boards throughout the province.

Mr. Goertzen: In terms of your presentation as well, I understand, Mr. Sanders, that you're either a lawyer or trained as a lawyer, the issue that's been raised to us is a concern by some of your colleagues in the legal profession is that the current legislation

indicates that government—no government shall introduce a bill that increases the provincial sales tax and a couple of other taxes without holding a referendum, so there are restrictions on it even introducing such a bill.

Now we agree government can change the law, but government can't introduce a bill that increases the PST before it changes the law, and that is the crux of the matter for many within—who look at this legally. Have you looked at that provision?

Mr. Sanders: I have not looked at the particular points you make and my copy of the act is back at my chair.

Mr. Chairperson: That concludes questions. Thank you for your presentation, Mr. Sanders.

Now call John Birt, private citizen. John Birt will be dropped to the bottom of tonight's list.

Mr. Lyle Misura, private citizen. Lyle Misura will be dropped to the bottom of tonight's list.

Mr. Bill Moore, private citizen. Bill Moore will be dropped to the bottom of tonight's list.

Ms. Janine Carmichael, Manitoba director, Canadian Federation of Independent Business.

Ms. Carmichael, do you have any written materials for the committee?

Ms. Janine Carmichael (Canadian Federation of Independent Business): I do, yes.

Mr. Chairperson: Our Chamber staff will distribute them. You may begin.

Ms. Carmichael: Good evening. Thank you so much for the opportunity to present to you this evening.

My name is Janine Carmichael. I'm the Manitoba director of the Canadian Federation of Independent Business. We represent 4,800 small- and medium-sized companies in Manitoba, 109,000 across the country, and all of our members are independently owned and operated companies, and we exist so that small companies have a voice in government decisions. We know you hear from unions; we know you hear from big companies. CFIB exists to give small business owners a voice.

I've been with CFIB for the past 10 years, and in that time I have never seen an issue engage our members like this one. Since the budget, we have had loads of calls, loads of emails. I've received over 300 faxes into the office from small business owners.

My colleagues are district managers who meet with our members and renew everyone face to face every year. They've never seen anything like it either.

And it's the same thing. They're upset. They're frustrated and they wanted to know what we were going to do about it. And so we've rolled up our sleeves and we've been trying to fight for small business owners too. We were part of the group that hosted the rally at the Legislature. Almost 600 Manitobans came out because they wanted to have a voice, because there was no referendum to give them a vote.

We joined with other business and taxpayer groups, and we wrote to the Premier (Mr. Selinger) and we asked him to withdraw the bill and work with us on cost restraint ideas. We've done lots of media, columns; in fact, you might have seen today our president and CEO in the National Post weighed in on what's happening in Manitoba.

At CFIB our positions are set by our members. We survey them regularly and we aggregate it and use it to lobby government. So, following the budget, we surveyed our members. In just a couple of days we got 500 responses, but we knew it wasn't just business owners who were mad. Their customers were mad; their employees were mad. So we took another step and we hired Angus Reid to do a public opinion poll of 500 Manitobans, and I'd like to use the bulk of my time today to share with you some of those highlights which is what's in your package.

Seventy-four per cent of Manitobans in that public opinion poll believe the provincial government should have a referendum before hiking the PST. Ninety-three per cent of small businesses agree. Seventy-two per cent of Manitobans said: If given the vote, I would say, no, don't support an increase to the PST. Ninety-two per cent of small businesses agree. And 81 per cent of Manitobans said that the Manitoba government should reduce its own spending before asking taxpayers to pay even more.

So I pulled out a few comments from our members that I thought you might be interested. From this construction member in Lakeside, he said, all levels of government need to drive efficiency in order to lower spending and increase services. This is simply a way of life in business, and governments need to start behaving in the same way. The biggest cost is payroll and it needs to be trimmed.

This retail member in St. Boniface said, when comparing a government employee wage and benefits, they already make a heck of a lot more than me. Maybe they can take a cut before they make me take another one.

From this professional service company in Fort Richmond, they said, they should start seriously looking at wages, benefits and pensions in the public sector to more closely match what's happening in the private sector.

From a manufacturing member in Portage, he said, eliminate waste, improve the bottom line just like we do in our business.

From a retail member in River Heights, they should bring public sector wages and benefits in line with those in the private sector.

But, getting back to the results, 81 per cent of Manitobans are not confident that the revenue raised from this hike is going to even go to infrastructure spending and flood prevention. Ninety-six per cent of small business owners said so. And here's an interesting one. Ninety per cent of Manitobans are not confident that this hike is even going to be temporary. Ninety-eight per cent of small businesses agree.

On the survey to our members, we asked a few additional questions. Eighty-nine per cent said that they thought this increase to the PST would be somewhat negative or very negative to their business. Here's a few examples: 82 per cent looked at the negative impact on Manitoba's competitiveness. Seventy-four per cent said, it's going to lower my customer's purchasing power and affect my sales. Seventy-four per cent talked about higher input costs for the things they need to buy into their business. Fifty-seven per cent: it's going to encourage more cross-border shopping. Forty-four per cent talked about the time and the money to implement the change.

So, on that piece, you might think it's just a button on a cash register, but for many small businesses it's much more. It means updating their website, their advertising, their flyers, their customer records. It means learning transitional rules. It means educating customers. And I got to tell you, we were still getting calls from business owners the week before last who said, what are my obligations? I don't understand what I'm supposed to do. So they were put in a real position of uncertainty.

On the survey to our members, we included one additional question that's very rare, and we said: Would you like your individual responses and comments and name and address submitted to the Premier (Mr. Selinger), the Finance Minister and to this committee that's reviewing the bill? And half of them said yes. I couldn't believe it. So I am so proud today to also be making 200-over 200 written submissions from CFIB members across the province.

* (19:40)

But last week we took one step further. We took this list and we sorted it by all the MLAs and we personally delivered a package to each of you. And that would have had a letter from myself; it would have had that summary document; it would have the survey responses from businesses in your constituency, and the comments that we received from businesses in your constituency. And, except for a few, every MLA received such an individualized package.

Here are some of the comments, though, I wanted to share:

When does it stop? They already started taxing our industry, beauty salons and spas, last July. That already increased prices, and now this is even more, and it's not going to us. It just means we have to keep our prices even lower to keep the clients. That was a personal service company in Wolseley.

From this business in Logan, they said: We're already maxed out paying taxes and levies.

From this hospitality member in Thompson, he said: Very sad. As a small business owner, I could see myself going out of business.

From an insurance company in Tuxedo, it says: Seems I heard the income tax was a temporary measure when it was first introduced too.

And from a retail member in Spruce Woods: Governments must find ways to decrease their own spending instead of increasing our tax bill. We are a business 15 minutes north of the border, and this will drive people further south.

So, please, on behalf of our small business members, on their customers and their employees, my ask is very clear: I ask that you please withdraw Bill 20.

Thank you.

Mr. Chairperson: Thank you.

The floor is open for questions.

Mr. Struthers: Yes, thank you very much, Janine, not only for coming here tonight, but I do want to thank you and your group for coming in to speak with me before the budget and then after and the conversations that we've had before and since Budget 2013. I appreciate that advice.

I take your point in terms of being mindful of our own spending. We've followed up on some of the suggestions that you've made to me to accomplish that, so I thank you for it.

I do want to get to your take on—a number of years, 14 years in a row where we have looked at ways to decrease the tax burden on small business in Manitoba. Our—whether it's business or property or personal, it comes to about \$1.4 billion over that period in terms of tax relief; on the business side, in excess of \$400 million itself.

When we became government, the rate was at 8 per cent for your members; we've reduced that to zero per cent. Give me a sense of what that means both for your small business members and what that means for support for the provincial economy and to keep it growing forward.

Ms. Carmichael: Those tax measures were welcome, and I was there at the press conference with your predecessor, Minister Wowchuk, when that rate finally got to zero. And, at CFIB, our role is to commend good policy, and so we gave you due credit for that, but it's also to criticize bad policy. And I got to say, Minister, that what we're hearing from members about this piece—it's not just the what; it's the how, the lack of the referendum. And that piece also is what is really making business owners frustrated.

Mrs. Driedger: Thank you, Ms. Carmichael.

The survey that you did and the results in here are actually fairly dramatic in terms of the positions people in the public took and businesses took as well in terms of their, I guess, opposition to the PST and the issue of the referendum. These are fairly significant statistics. Were you surprised at how strongly people felt about this?

Floor Comment: No, I wasn't—

Mr. Chairperson: Ms. Carmichael.

Ms. Carmichael: —as I said, since the budget our phone was ringing off the hook. And the emails kept coming in and they were sometimes not from

members—people just wanting to call us and talk about that. So I wasn't surprised, but I think what's really interesting is just to see, as a small business lobby group, it is not just small business owners who are concerned, and we've provided some clear data here that Manitobans are too. They're on the same side, and they really want the government to withdraw Bill 20.

Mrs. Driedger: There is a spa and salon in Winnipeg that has seen a loss of 35 per cent of their business because of last year's expansion of the PST to those services, and they're very, very concerned as to what this PST hike will now do to them. And they're trying very hard to, you know, make a living and employ people.

What are some of the general themes you're hearing from businesses in terms of job losses or business closures or people going someplace else to shop? What are businesses really concerned about?

Ms. Carmichael: Really, in that data there, they're concerned about what this means for Manitoba's competitiveness. Eighty-two per cent of them—that was the top thing: about what does this say about Manitoba? So that was a big one, but, of course, for business owners it's raising their own price of doing business, too, for everything they're bringing in. Fifty-seven per cent said this is encouraging cross-border shopping, so absolutely a lot of these themes are coming up from our members.

Mr. Gerrard: Thank you for your presentation—very clear.

One of the things which I think has not been brought out enough is that for many small business they pay PST on the inputs as well as the—have to charge the PST on what they sell, so it's really a double hit. Can you explain that a little bit more?

Ms. Carmichael: Absolutely. When businesses are making the purchases that they need, the labour and the supplies that they need to build their products and services, they have to pay PST on that. And, under our system, there isn't input tax credits for that like perhaps in other provinces. And then you're right: Then on the flip side, we have this competitiveness element where customers may be purchasing less. We see that particularly with salons. That's something where perhaps you could go seven weeks or eight weeks instead and those things add up. So now that business has had higher costs to bring in the shampoos and all the rest that they have paid, but they may face those lost sales on the other end. So

you're absolutely right; it can really hit them from both ends.

Mr. Chairperson: Time for the presentation has expired.

Thank you, Mrs. Carmichael.

Mr. Goertzen: Can there be leave of the committee to have similar to what the Minister of Health (Ms. Oswald) requested on the previous presenter, to have the results of the survey listed in Hansard as part of the presentation, not the specific graph form, of course, but the questions and then the resulting answers?

Mr. Chairperson: Mr. Goertzen has said. What is the will of the committee? *[Agreed]*

PST Hike in Manitoba: The views of Manitoba residents and small-business owners

June 2013

CFIB policy positions are set by our members through regular surveys in a one member-one vote system. Given our commitment to grassroots direction, we decided that if the provincial government would not hold a referendum on the increase to the Provincial Sales Tax (PST) announced in the 2013/14 budget, as the current law requires, then CFIB would.

We hired Angus Reid Public Opinion to do a poll of 500 Manitobans. The questions asked were the same as those we put to our small-business members in a separate member survey that yielded another 457 responses.

The preamble to both surveys was the following:

In its latest budget the Manitoba government announced a temporary increase to the Provincial Sales Tax (PST) from 7 to 8 per cent effective July 1, 2013, with the tax revenues raised dedicated to infrastructure spending and flood prevention. Normally, any increase to the PST would require Manitobans' approval through a referendum. In this case, however, the government has introduced legislation (Bill 20) to waive its requirement to hold a referendum first.

Here are the details on margin of error for both surveys:

On May 1 and May 2, 2013, Angus Reid Public Opinion conducted an online survey among 501 randomly selected Manitoba adults who are Angus

Reid Forum panelists. The margin of error—which measures sampling variability—is +/- 4.5%, 19 times out of 20. The results have been statistically weighted according to the most current education, age, gender and region Census data to ensure a sample representative of the entire adult population of Manitoba.

CFIB conducted a web-only survey of its Manitoba members from April 30 to May 6, 2013. A total of 457 independently owned and operated firms participated in the survey. The margin of error is +/- 4.6%, 19 times out of 20.

The results of the surveys are available on the following pages.

Should the provincial government hold a referendum before raising the PST from seven to eight per cent?

General Public: Yes, 74%; No, 18%; Don't know, 8%

Small Business: Yes, 93%; No, 4%; Don't know, 3%

74 per cent of Manitobans believe the provincial government should hold a referendum before raising the PST from seven to eight per cent; 93 per cent of small businesses agree.

Should the provincial government raise the PST from seven to eight per cent?

General Public: No, 72%; Yes, 19%; Don't know, 10%

Small Business: No, 92%; Yes, 4%; Don't know, 4%

72 per cent of Manitobans believe the provincial government should not raise the PST from seven to eight per cent; 92 per cent of small businesses agree.

What impact will an increase in the PST rate from seven to eight per cent have on your business?

Small Business: Very negative, 46%; Somewhat negative, 43%; Don't know, 3%; Somewhat positive, <1%; Very positive, 2%; No impact, 6%

89 per cent of Manitoba small-business owners believe the PST increase from seven to eight per cent will have a somewhat or very negative impact on their business.

Specifically, what are the harmful aspects of this increase in the PST for your business?

Small Business: Affects Manitoba's overall competitiveness negatively, 82%; Lowers my customers' purchasing power, 74%; Raises input costs, 74%; Encourages cross border shopping, 57%; Time and cost of implementing changes, 44%; Other, 13%; None that I can think of, 2%

82 per cent of small-business owners are concerned about the negative impact a PST hike from seven to eight per cent will have on Manitoba's overall competitiveness.

Tax revenues raised from the additional point in the PST would be dedicated towards infrastructure spending as well as flood prevention. How confident are you the tax revenue raised from the PST hike will go to infrastructure spending and flood prevention?

General Public: Not confident at all, 48%; Not very confident, 33%; Somewhat confident, 15%; Very confident, 3%; Don't know, 1%

Small Business: Not confident at all, 81%; Not very confident, 15%; Somewhat confident, 2%; Very confident, <1%; Don't know, 2%

81 per cent of Manitobans are not confident the revenue raised from the PST hike will go to infrastructure spending and flood prevention; 96 per cent of small businesses agree.

The increase to the PST rate would be a temporary measure that expires after 10 years. How confident are you that the increase in the PST will expire in 10 years?

General Public: Not confident at all, 67%; Not very confident, 23%; Somewhat confident, 7%; Very confident, 2%; Don't know, 2%

Small Business: Not confident at all, 90%; Not very confident, 8%; Somewhat confident, 1%; Don't know, 1%

90 per cent of Manitobans are not confident the PST hike will be temporary; 98 per cent of small businesses agree.

Do you agree or disagree that the Manitoba government should reduce its own spending before raising taxes?

General Public: Agree, 81%; Disagree, 9%; Don't know, 10%

Small Business: Agree, 98%; Disagree, 1%; Don't know, 2%

81 per cent of Manitobans agree that the Manitoba government should reduce its own spending before raising taxes; 98 per cent of small businesses agree.

Mr. Chairperson: Emmanuel Trawon, private citizen. Mr. Trawon, do you have any written materials for the committee, sir?

Mr. Emmanuel Trawon (Private Citizen): I have none, Mr. Chairman.

Mr. Chairperson: None? You may proceed.

Mr. Trawon: Good evening, everybody, Mr. Chairman and members of the committee.

And you may notice that I am wearing a shirt and shorts and sandals. And I just—so I hope you don't feel disrespected for the way I'm wearing what I'm wearing, but, just in case, I have brought my shoes and my dress there, if I am not allowed to speak if I'm not properly dressed up.

So, good evening, everybody. I hope you have enjoyed celebrating Canada Day. This year, this Canada Day will be remembered when this government raised the PST for the working families. And I read in the paper that NDP House leader, Honourable Jennifer Howard, who had admitted that this will be hard for Manitobans, for the working family Manitobans. This will be remembered that this government has trampled and disrespected democracy by not allowing us to vote for this increase.

I was here yesterday joining thousands of Manitobans to form the living flag, and I'm proud to be a Canadian. In this event, one of the MLAs said that Canada is one of the best places in the world where we have democracy, where people respect the rule of law. And yet this government, the NDP government, stripped us of that democratic right and did not respect the law. And you can justify all you want why you needed to expand in—the coverage and increase the PST. At the end of the day, you should and you ought to respect democracy and the rule of law.

And yet, by proceeding with whatever you want, you have trampled democracy, you have disrespected us Manitobans. You may not like the law but you should, you ought to obey it. Otherwise, you disrespected democracy. And you have disrespected Manitobans. And, at the end of the day, can you look at the mirror and ask yourselves, have I done the right thing for Manitobans? Would Manitoba be a better place to live for the next generation?

* (19:50)

And I was [*inaudible*] yesterday, and I asked my friend because one of the side mirrors of his vehicle is gone, and I asked him, why you don't fix your car? Fix your car, man. But he said, I'd rather—and he told me, he said, I'd rather put food on the table than fix that mirror.

And here is my story. We used to be homeowners, and we were saving for our retirement, and we were trying to live within our means to make our financial obligations: mortgage payments, hydro bills, water bills, house insurance, life insurance, Internet and cables and others. But the recession came. We were hard hit financially. The company that I had been working with for many years lost a lot of customers, big customers. They lost it to the south of the border. Some of my coworkers were laid off. I was a few of the more fortunate ones that still have the job, but a pay increase stopped coming every year, before this, we were getting a fair wage increase. A number of pink slips have been handed down and the company cannot afford to keep all the remaining ones and my paycheque is still the same. And we could not keep up with our financial obligations. We were behind in some payments. And these are just the basic obligations to keep a house, to keep heating the house, to put food on the table. And we have to make a tough decision or we will face the inevitable filing of bankruptcy. We sold our house. We paid most of our debt and we tried to live within our means, so not to incur a lot of debt. But it has been difficult for us, but we have to make those difficult decisions.

And why I am saying this to this government, to the NDP, like, sometimes when revenue is down, you need to make tough decisions, whether it's popular or not, you have to—you have to live within your means, you need to cut corners. And another thing, stop blaming the previous government. You have been in power for more than 10 years. Grow up. Take responsibility of those problems that you have in hand. And if you cannot address these problems and continue to blame the previous government, then you are not fit to be in government. And if you cannot take responsibility, then get out of governing and allow the other party to sort out the mess.

And my admonition to the party in opposition; do not let it go, keep this fight going, bring this to where the people are. You need to do town hall meetings in Winnipeg. You need to inform them and explain to them the facts of this increase, the lies of

this government, their disrespect to them. You need to do everything. You need to be more visible to the Winnipeggers. Go to their fiestas, attend their parties, barbecues, galas, festivals.

And lastly, we don't owe anything. I came here, in Canada, 17 years ago. I came with a skill. I'm educated, and so many of the members of the visible minority—I can only speak for the Filipinos, and we came here with skills and education. And with hard work and perseverance we improved our lives, and we don't owe this government anything.

So, at the end of the day, I would like to repeat, can you look at the mirror and ask yourselves, have I done the right thing for Manitobans? Will Manitoba be a better place to live for the next generation?

Thank you, Mr. Chairman.

Mr. Chairperson: Thank you, Mr. Trawon.

Floor is open for questions.

Mr. Struthers: Yes, first of all, don't apologize for wearing a T-shirt and shorts and sandals in a room that's as hot as this one. The rest of us are only envious that we're not doing the same.

I also want to thank you for coming here tonight and giving us your advice here at your building. So thank you very much.

Mrs. Driedger: Thank you, Mr. Trawon.

Do you feel disrespected at all that the NDP have raised the PST yesterday before 200 Manitobans had a chance to come here and speak before this committee on this legislation?

Mr. Trawon: The law says that you cannot increase the major taxes in Manitoba without going to the people, and that's the law, and this government needs to follow that law. And by not doing so, you have disrespected me and not only me but the rest of Manitobans. Whether we like the increase or not, you need to go to the people and ask them, and that's the law.

Mrs. Driedger: You're probably speaking to many neighbours and family members and friends about this issue. What are you hearing about how this PST hike is going to hurt people?

Mr. Trawon: I've asked a couple of people, like my co-workers. We had a barbecue yesterday and I asked a couple of them, a couple of my neighbours and some other people, and they said that this will hurt them. This will really affect the way they spend

money. It's, like, you would—may say that all the food will not increase; there's no PST on food. But I think there is—the hydro will increase and there's PST on the hydro, so what are we going to do? So we have to, like, cut our budget for the food and put it on the hydro.

Mr. Gerrard: Yes, thank you for your presentation and for your contributions here in Manitoba over the last 17 years, and I know it's tough, you know, in the current environment and particularly tough with the increase in the PST.

Maybe you could just tell us a little bit more about your family and the impact of this. How many children do you have?

Mr. Trawon: Yes, I do have a family, like, back home, and I have nieces and nephews. And I have other friends as well asking me whether there is an opportunity here. So I will tell them: Don't come here. Go to Saskatchewan. Go to Alberta. There are more opportunities there where you'll pay less taxes. And the reason why is Manitobans—I don't know if businesses—but I like the businesses to have the least taxes. Why? They give jobs to the people, and if you tax them and then tax the people themselves and then we are left with a smaller amount of money. And, like, our spending money will decrease. So, instead of putting that back to the economy or contributing that back to the economy, we're just paying taxes. And I doubt whether those taxes will be spent efficiently and responsibly.

Mr. Goertzen: I want to thank you for coming out tonight, and, particularly, it's hard enough to make a presentation; it's probably more difficult to speak from the heart, and you spoke from the heart and we appreciate that. We appreciate that very much.

I—as you know, in the city that I live in, in Steinbach, a lot of new Canadians coming, a lot of Filipino families coming to the city of Steinbach. And I've heard a lot of my Filipino friends and soon-to-be friends express concern about this, and they don't always understand our political system. It's very different than the Philippines, I understand. But they're really concerned. They're really upset about the increase, and some of them said to me, do you know how hard it is to come to a new country and just kind of start with nothing and to start up and to try to build up and then to have these difficult taxes on you?

Can you just give us a few minutes on how difficult it is to come to a new home and to start a

new life and without having all the additional pressures of taxes?

* (20:00)

Mr. Trawon: Yes. It's difficult enough to be apart from your own family, and more so for those parents that have left children and then come here and work hard, work two jobs or three jobs just to pay their financial obligations here and send some money back home. So it will be harder for them now to do that. And, as well, my admonition to—because you have mentioned about the lack of knowledge of the newcomers here, and is my admonition to the opposition, the party in opposition, like, if you are—go to them and explain to them what the increase is all about and how this increase will affect them financially.

Mr. Chairperson: That concludes the time for the presentation. Thank you, Mr. Trawon.

I call Mr. Michael Bailey, private citizen. Mr. Bailey, do you have any written materials for the committee, sir?

Mr. Michael Bailey (Private Citizen): I do not.

Mr. Chairperson: You may proceed.

Mr. Bailey: Thank you, members of the committee. I'm going to take this opportunity to voice my opposition to this PST increase, like so many others have tonight. There's a variety of arguments that could be made against putting forth this PST increase, but they seem to fall into three areas: practical—there's no need for a PST increase; legal—the Manitobans are protected by the taxpayer protection act, and we have legal recourse against having this increase put upon us without a referendum; finally, and to my mind, most importantly, moral and ethical—this administration promised clearly and explicitly in 2011 to not raise the PST. We expect you to act as persons of honour and to be true to your word.

The practical arguments against the PST are straightforward indeed. The federal government has been a huge friend to this administration. The Canada Health Transfer has been up 43 per cent since '05-06. The Canada Social Transfer increased 33 per cent in that time. Equalization payments, up 12 per cent. All in all, for 2012-2013, your administration will receive \$643 million more than it did in '05-06. This administration does not have a revenue problem, this administration has an expenditure problem. Claims that these added

revenues are needed to address flooding are a red herring. To wit, in 1997, the province was hit with what was called the flood of the century. The government at that time calmly and competently dealt with it in an effective yet fiscally responsible manner. This flood hasn't been matched since then, yet this administration has seen fit to use flooding as an excuse to increase taxes at a—to a level that I've—I don't think been seen before in this province. Upon an unwilling population, I might add.

Members, the public treasury is an asset to be safeguarded and protected. It's not to be raided and pillaged in an attempt to cover your administration's inability to manage the finances of this Province. If you need additional monies for one area, trim excessive spending in another.

Raising taxes should be the very last resort for a government. Yet, for this government, it seems to be the knee-jerk default and the first step to go to. Go out and rein in your overspending in other areas. Tighten belts across all areas. Demonstrate that you're being responsible with the massive funding that you already have. Until you've done that, don't come to us asking for more. We'll hold up our end of the bargain as Manitobans, but you need to show us the respect of doing the same.

The legal argument—simple indeed. You're legally required to hold a referendum before raising taxes. That's the law of the land. The course of action you've taken is no less legal than any other activity contrary to law. I expect my kids, and I'm teaching my kids, to have respect for the law. Why would I hold our government, the government itself, to a lesser standard?

So, why not have a referendum? The answer is clear; because you know that Manitobans would reject this proposed increase. But the government's purpose is to support the wants and needs of Manitobans. Leadership is not about imposing your will on the people you serve; it's about determining the direction that the citizenry wants the Province to go and, in doing your best, to enable the 'citizry'—citizenry in that pursuit.

You do not rule over us by divine right as did the Stuart kings. Authority does not flow from you onto us. Your authority is derived from the consent of the governed, and the government—or the governed are informing you clearly and concisely that we do not want an increase in this PST. If you believe otherwise, please hold this referendum that you are legally required to do.

The moral and ethical arguments against the PST increase, they're similarly simple. You were in explicit in 2011: we will not increase the PST. If you do increase the PST, you will have lied to us. To those of us who believe in moral and ethical conduct, this is nothing short of an abomination.

It's accepting—you have accepted this position as MLAs under false pretense. If an employee lies on his resumé, claiming something false in such a key area, they would rightfully be terminated from that position. If such person was caught in that position, if they had any shred of honour left, they would actually resign their position rather than drag it out.

I never voted for Premier Doer, but I grew to respect him. His politics may have not been my politics, but he governed with a more ethical and moral centre. His administration had talent. His administration had competence. That was the legacy Gary left—Doer left your administration, and now you have spent all of it. The only thing you've had left to lose as a government is your honour. As of July 1st, you lost it. And now you have nothing to left to offer Manitobans.

I'll close with one final suggestion. I suspect it'll be treated with the same contempt that has been shown to all Manitobans by this administration, but I'd be remiss if I didn't offer a solution to this body. Members of this government should resign their positions. They earned their positions under false pretenses. They have not done the job for which they were elected. They have no—shown no sign that they have either the talent, ability, competence, capacity or even interest in doing the job for which they were hired to do. The only moral course of action left is to resign. You don't have what it takes to do the job. If you cannot govern Manitoba in an ethical and responsible manner, resign your positions so that others who have the talent and capacity to do the job can do so.

Thank you. I'd be pleased to take any questions.

Mr. Chairperson: Thank you, Mr. Bailey.

Floor's open for questions.

Mr. Struthers: Yes, thanks for coming out tonight, Mr. Bailey. Thanks for your presentation.

Mr. Gerrard: Thank you for your presentation, and as one who believes in the importance of keeping one's word that I have a lot of respect for what you say about the—this being a matter of honour and represents a great loss of honour.

And you've been talking with, I'm sure, many other friends and others. Perhaps you can tell us a little bit about what you're hearing.

Floor Comment: What I'm—

Mr. Chairperson: Mr. Bailey.

Mr. Bailey: My apologies.

What I'm hearing is actually from one of my neighbours who stubbornly put out his orange NDP sign every election. He's thrown up his hands. He's just not going to do it anymore.

I'll throw out there that we were pretty close to moving elsewhere in the province—or elsewhere in Canada. I love Manitoba. I love my province, but I hate what these people are doing to my province and to my children's future.

Mr. Chairperson: Any further questions?

Mrs. Driedger: Thank you very much and appreciate the comments that you've put forward.

You're one of 200 people that, you know, have felt it was important to be here to express your views on this PST hike and how it's going to hurt your family and others. And yet the NDP have basically ignored 200 people and rammed through the PST yesterday. I'm just wondering how that makes you feel as a Manitoban.

Mr. Bailey: It makes me feel helpless. It makes me feel like an unwanted and useless pawn in a game being conducted by people driven by, you know, hubris, contempt, arrogance and pride.

* (20:10)

Mrs. Driedger: Do you hear many of your, you know, colleagues in the workforce, your neighbours and family expressing similar views as you're feeling right now?

Mr. Bailey: Yes, but it's always tinted with a ray of hope: There's an election in two years. This can't go on forever.

Mr. Chairperson: Seeing no further questions, I thank you for your presentation, Mr. Bailey.

Mr. Bailey: Thank you to the committee.

Mr. Chairperson: Mr. Dennis Nault. Dennis Nault will be dropped to the bottom of tonight's list.

Mr. Tom Paulley, private citizen. Mr. Paulley, do you have any written materials for the committee, sir?

Mr. Tom Paulley (Private Citizen): No, but I wish I had cold beer for you. I don't.

Mr. Chairperson: You may proceed, sir. Thank you for the sentiment.

Mr. Paulley: Thank you, and apologies for, again, for no cold drinks.

Good evening, Mr. Chairperson, committee members. My name is Tom Paulley. I'm a citizen of Winnipeg and have lived in the city for all of my 61 years.

Bill 20 provides for a 10-year increase in the provincial sales tax. This time-limited increase is designed to take advantage of the 10-year Building Canada Fund announced in the 2013 federal budget. The federal government, under the Building Canada Fund, will match provincial contributions on a 50-50 basis. Plus, the Manitoba Building and Renewal Fund is designed to take advantage of this federal fund so that no federal monies are left on the table. All monies raised by Bill 20's provisions are, by law, to be spent on infrastructure.

Now, how many groups and organizations—not to mention citizens—have complained about bad roads, crumbling bridges and flood protection upgrading that is so desperately needed in this province and in a number of communities on the Red and Assiniboine rivers? We recently see—saw the force of Mother Nature in the Calgary floods and nearby communities in Alberta, and surely we don't want Manitoba communities being under constant and continuing threat of major flooding. The fund—this fund allows for these concerns to be addressed and remedied over the next decade.

Indeed, Winnipeg Free Press reporter Mary Agnes Welch, in her April 28th, 2013, article, noted that numerous business groups support an increase in the PST by 1 per cent, including various chambers of commerce, the Association of Manitoba Municipalities, and CA Manitoba. Also reported [*inaudible*] on April 22nd, 2013, wrote in the Free Press, quote: Infrastructure spending is a worthy recipient of the additional funds. It will grow the economy, and the effect of the PST hike on individuals is pretty manageable. End quote.

In a little-publicized provision, it should be noted that the 2013 Manitoba budget increased the provincial personal income tax exemption by \$250 for all taxpayers, effectively removing 5,500 Manitobans from paying provincial sales—from paying provincial income taxes. So this 1 per cent

PST increase seems to be, in my view, not too bad. Core services will be protected and those who deliver those services will continue to do so.

Under provisions of the financial administration act—on the provisions under Bill 20, the financial administration act is amended. This amendment requires the Minister of Finance to table, in the Legislative Assembly of Manitoba, details onto how the previous years' monies have been spent in the Building Manitoba Fund, so accountability to Manitobans will be provided.

Now much of the debate on Bill 20 centres on holding a referendum on the 1 per cent PST increase. Current legislation is vague as to what the referendum rules are. Mention is made of a majority of persons who vote in a referendum will decide the issue. However, for example, there is not a mention of a threshold of voter turnout for the referendum. Also, how long would the campaign last? Would there be any regulations on spending for the yes and no sides? If so, who writes these regulations? If Elections Manitoba were to administer the referendum as outlined in the current legislation, would Elections Manitoba be responsible enforcing the referenda rules? These are questions that surely would need to be answered before any referendum is held.

It should be noted that the last referendum was held in this province in 1952, over 60 years ago. So, thus, as times have changed, this referendum cannot really be used as a model.

In my research, I looked at the Harmonized Sales Tax referendum in BC. This was held in June—between June and August of 2011. And the cost of administering this postal referendum was over \$8 million—this from Elections BC. The percentage of actual registered voters who voted, according to Elections BC, was 52.66 per cent. This despite this referendum being a postal ballot with prepaid envelopes in which to return a marked ballot.

As well is a separate individual who was appointed as referendum funding decision maker. This individual was responsible for determining which groups or organizations would receive public funds to advocate for their respective sides. Elections BC did not therefore monitor campaign spending. There were no third-party disclosures required. In this campaign, however, the BC government and the pro-HST side spent a total of \$25 million. The anti-HST side spent considerably less, and this is

from the website—webmaster site of August 26, 2011. So referendums can be an expensive process.

The governments at all levels change, amend, delete, adopt laws and legislation all the time in response to changing circumstances, without holding a referendum.

So, for these reasons, I believe Bill 20 should be adopted as soon as possible. It would be a shame to risk leaving millions of federal dollars on the table, rather than having this money, in conjunction with the Building Manitoba Fund, being put to good use in building and repairing infrastructure throughout this province.

Time is of the essence, so let us get on with building Manitoba for the benefit of all, Mr. Chairperson.

Mr. Chairperson: Thank you, Mr. Paulley.

Floor is open for questions.

Mr. Struthers: I'd like to thank you, Mr. Paulley, for coming in and meeting with us here at the legislature—at the Legislature and giving us your advice on this bill. Thank you very much.

Mr. Gerrard: Thank you for your presentation. It's my understanding that the Building Canada Fund, the federal money doesn't actually start until next year. You know, if the government was going to proceed with this, wouldn't it not have been better to have started next year, with or without a referendum? My view is with a referendum, but the question would be, would've it have not been better to start next year?

Mr. Paulley: I think you have to get your ducks in order probably before you go in to this kind of a thing. And my understanding of the federal laws says it starts almost immediately, so—but it still would be—I think we're looking at hundreds of millions of dollars the federal government's willing to provide, so we need that money to keep expanding, et cetera, our infrastructure programs. Somebody else have a—

Mr. Chairperson: Mr. Goertzen.

Mr. Goertzen: Thank you very much, Mr. Paulley, for coming out tonight. We appreciate everybody who has come out to make presentations tonight. You indicated that the provincial government was required—or, in your view, required to increase the PST to take advantage of the Building Canada Fund and the Manitoba version of that, the Building Manitoba Fund. Can you indicate which other

provinces are increasing their PST to take advantage of the Building Canada Fund?

Mr. Paulley: At this stage, I don't know if any province is increasing.

Mr. Goertzen: Did your view that those other provinces will lose out on the Building Canada Fund because they're not increasing their PST?

Mr. Paulley: Possibly. Hard—it's hard to say. I don't know.

Mr. Goertzen: You're aware that the federal government has brought forward the Building Canada Fund while at the same time, or close in time, reducing their sales tax, the GST, from 7 per cent to 5 per cent. That they were able to find the wherewithal to do that?

Floor Comment: I'm sorry?

Mr. Goertzen: That they were able to find the wherewithal to actually reduce their version of the sales tax, or the GST, while still providing these funds for the provincial and the federal governments?

* (20:20)

Mr. Paulley: They're also laying off thousands of people, federal employees. So—and I have personal 'experi'—I'm not a federal employee, but one of my relatives is on the job—not removal, but job list. It could be—he could be moved out.

Ms. Oswald: Yes, thank you very much, Mr. Paulley.

I was wondering, in your analysis of the situation in BC, if you did any work at all to look at what is happening there or in other jurisdictions in the context of health premiums being charged to citizens for access to health care and what role that might play in the context of decisions that governments might make about raising a PST or instituting a health premium. I wondered if you had any thoughts on that or an implication of what it might mean to a citizen to, perhaps, have to pay for health care separately.

Mr. Paulley: You make a good point, because health-care premiums, I think—I believe they pay in Alberta and BC. Health-care premiums we don't here in Manitoba, and that's sometimes not mentioned in the overall taxation disadvantages of, say, BC or Alberta. We don't know at this stage what's going to happen with Alberta's funding for their flood recovery program—for flood recovery, sorry. I do

know that prior to the flood, I understand that they recently announced in Alberta a \$2.2-billion deficit—provincial deficit. So we'll see what happens in Alberta. It's a tragic situation that happened there, and I think if we have infrastructure here that we can avoid that kind of thing happening.

Mr. Struthers: Mr. Paulley, I was interested in some of the questioning coming from Mr. Goertzen from Steinbach.

The—a number of different provinces are taking different approaches to finding the revenue to participate with the federal government on the Building Canada plan. To their credit, they brought this forward in their budget and I give them credit for that, and every jurisdiction is looking for ways to raise money in order to participate. Some are cutting deeply—well, as my colleague Ms. Oswald has suggested, there's health premiums and other revenues that they're looking to raise. Some have said they're going to cut deeply into health care and education and other services. And that is what the members opposite, the Conservatives in Manitoba under their leader, the Leader of the Opposition, has said they would do: a 1 per cent, across the board indiscriminate cuts—*[interjection]* They can run but they can't hide—Mr. Paulley, across the board cuts, which would mean deep cuts to health care and education, the laying off of nurses and teachers.

Is that the way we should go, Mr. Paulley? Do you believe that that would hurt Manitoba families?

Mr. Paulley: In answer to your first question, no, it's not the way to go; and in answer to your second question, we should not cut services at any time.

I retired from the Manitoba government a couple of years ago from corrections and, you know, it's not so much corrections was cut, but prior to when I joined corrections there were lots of cuts in government. It's not the way to go. You lay off people, you're drawing money out of the economy. When the so-called Filmon Fridays were in place—compulsory—downtown on Fridays in the summertime was a desert. People lost, goodness knows, how much money.

Mr. Chairperson: Okay, time for this presentation has expired. Thank you very much, Mr. Paulley.

Now call Maurice Lacy. Mr. Lacy, do you have any written materials for the committee, sir?

Mr. Maurice Lacy (Private Citizen): No, I do not.

Mr. Chairperson: You may proceed.

Mr. Lacy: I'm here to talk against Bill 20, and I've been sitting here listening, and almost everything I got written down here is just about the same as everybody else has said. So maybe I'll just kind of go a little different way.

When I was a kid, I remember my father, he had a job. My mom stayed home, she watched four kids. With his job he was able to buy a home, car, take care of four kids and he could put a little bit of money away. He got another job, weekends, evenings—eventually bought a cabin. He's had a good life. He raised his family. Now, you get the same job, not only do you got to work, your wife's got to work just to make ends meet. And who suffers? Children. Mom's not there. Nobody's there. Daycare—when they get older, run around the streets.

This tax—just another burden. They talk about the legal aspect of this. Well, how do you teach your kids about the law when the law can be changed whenever you guys just—you feel like it, just change the law. You know, I've talked to a lot of people, and they would've liked to come, but they're afraid of talking in front of people. They're afraid you don't want to listen, especially younger people. I was at a social—young fellow I used to coach hockey, and I met a lot of young fellas that I used to coach baseball, hockey, and we talked about this, and the fact that I was coming here, and they said, well, they're not going to listen anyways. And, you know, the fact that you guys pushed it through without listening to anybody or getting a referendum, they're right. You don't care. You know, you turn around and you say, well, it's because of the flood. The flood was two years ago. Where were you two years ago? Some of the people are still waiting for help. Right, and the one gentleman asked you, where the gas tax goes and you said roads and highways. Well, I don't know where you drive, but I drive on these highways and roads every day and they're worse than I've ever seen them. So I don't know where that money went.

You guys raised cigarettes up a dollar. I don't smoke, but, you know, that's picking on one demographic. I see—fishermen, you're picking on them. You raise their fishing licences up. I don't know. I don't understand this. My dad voted NDP when I was kid. When I turned 18, I voted NDP. I did some work for Mr. Green, me and my wife, and I guess it got to be a habit, because I even voted you guys in, and I'm embarrassed to say that right now. But I'm happy to say that it's something that'll never happen again. Not me. Not my wife, not my kids.

And according to my mom and dad, they won't ever vote for you either. That's it.

Mr. Struthers: Thank you for coming in Mr. Lacy. I appreciate you coming to speak with us and making your presentation. So thank you very much.

Mrs. Driedger: Thank you, Mr. Lacy. You have come here, you know, as you said there's a lot of people that you've talked to that would like to, you know, say the same thing but a lot of people are afraid to come forward and speak publicly in a venue like this. And it is intimidating, so I want to say thank you because you are here and, not only do you represent yourself, but you represent a lot of very ordinary Manitobans out there that are struggling to make a living and trying your best, and I suspect that we have maybe lost some of our presenters tonight because they think the government won't listen, that the NDP have pushed through the PST yesterday and they were signed up—200 people were signed up to make presentations, thinking they could come here and have a government listen to them. The government forced through the PST, so they're not listening. So you're right when you say, you know, what is the point in coming? But I guess we're all sort of holding on a little bit to some hope that maybe the government will hear enough people, still that they might change their mind.

* (20:30)

Do you find—and it sounds like you're, you know, you have, you know, had a chance to think about this and how this government has behaved—do you feel that it's arrogance or what is it by the government that they're going to go ahead and just force through this PST hike and ignore all these people that wanted to come here and speak?

Mr. Lacy: They don't care. Mr. Selinger says something and the sheep just follow along. And I find that with politicians all over the place. They don't care anymore. Your roads are falling apart. They don't care. We were in Saskatchewan, I was in Moose Jaw, I was talking to my friend. My brother-in-law, he moved to Alberta. We got some friends moved to Alberta and Saskatchewan. And he actually offered me a job, but I got, you know, six grandchildren here, and three sons, and he said, well, bring your sons.

A lot of my friends moved out of here because they ride motorcycles. I got a Harley. I move to Saskatchewan, I save over \$700 right off the bat. And I was here a few times, standing outside the Legislature and they didn't listen then either. You

know, like, I never voted for Autopac but they crammed it down our throat. Now I don't get a chance to vote for, you know, the PST, and they're going to cram it down my throat again. You know, maybe I should go to Saskatchewan.

Mr. Gerrard: Thank you for your presentation and for speaking from the heart about yourself and your family and what this means to you. I have the impression—I just want to make sure that I'm getting the right impression here—that you feel that the government promised that it wouldn't raise the PST and because they've broken their promise, I mean, their credibility is gone and there is no trust anymore.

Mr. Lacy: No, they don't have any credibility with me at all, you know. I'm a Christian and the Bible says you can only, you know, it's either God or Mammon, and Mammon being greed. And it seems like it's greed, you know. They say they need the money. I don't know where the other money went. Where's all this money? This—everything's taxed. Tax here, tax here, gas, you know, milk. You pay tax on everything. Over 60 per cent of your cheque goes to tax. And your wife's got to go to work and 60 per cent of her cheque goes to tax, you know. How do you live? How do you live in Manitoba. You don't anymore. And the streets get worse, you know. I had a part-time job bouncing bars, you know; kids got no respect, they got no manners, they weren't taught at home. Why? Mom's at work. Dad's at work. They're on the street. They listen to their friends.

I come back yesterday to find out that there's a young fellow, he bounced at the Green Brier, right. Two 17-year-old kids beat him with a two-by-four, stabbed him in the back of the head. Now I got to go to a funeral.

So a lot of this hits home. Taxes, it's too much, you know. Then there's, you know, tickets; you got tickets for everything, including parking, you know. You got to go to—you go—I was in the hospital for over a month. My wife almost went broke just paying for the parking at the hospital. This is all ridiculous. But we got a new football stadium. And we got that eyesore at the Forks. You know, need and a want. There's where all our money's going.

Mr. Chairperson: Okay, we're at six minutes. Thank you very much for your presentation, sir.

Mr. Peter Tucovic, private citizen. Mr. Tucovic. Mr. Tucovic will be dropped to the bottom of tonight's list.

Mr. Nelson Camp. Nelson Camp will be dropped to the bottom of tonight's list.

Mr. Ray Garnett, private citizen. Mr. Garnett, do you have any written materials for the committee, sir?

Mr. Ray Garnett (Private Citizen): No. Maybe later.

Mr. Chairperson: You may proceed.

Mr. Garnett: I'm really here on a matter of freedom. And every time you tax somebody you're taking away their freedom and that's really the bottom line. Jefferson said: The price of freedom is eternal vigilance. In Manitoba we need more than vigilance, we need involvement to turn this thing around. And the problem with Manitoba, as far as I'm concerned, is apathy, number one, and what's breeding the apathy. And I suggest it's top-down socialism is what's breeding the apathy.

Fifty per cent of the people don't vote in this darn province. Hey, I'm a first-five generation Manitoban. I lost three uncles in the First World War, two in the second. Every time you don't vote, you're spitting on the grave of the people that gave their lives. That's what freedom's about. So freedom's first, then equality and then rights, in that order. So that's basically—and I, as I say, every time they tax you they're taking your freedom away, and that's really where I'm at with all this. So there's an erosion of freedom.

And Churchill said something interesting, he says, the best argument against democracy is to conduct a five-minute interview with the average voter. He's got a point. If you sit down with somebody and talk politics for five minutes, how long is the average guy going to go? Not very long; one minute. The public here is disengaged so that you people have to find a way to engage them somehow. That's the way I look at it. And it's really nice, I don't know—there's a number of books I brought along. This one here—I clip things, because I have an interest in politics. I have a political science degree, I'm a fifth generation Manitoban—five-great-grandfather came here in 1879, last ten years have been going downhill. And in 2009, I've got a clipping in here that says: the disposable income in Manitoba was \$26,400. Mr. Chair, \$26,400. It was the lowest in Canada, and \$2,000 below the national average.

So why is our disposable or discretionary income so low? Well, first of all, you've got to think

about taxes. Then we have a large Aboriginal population that's not doing so well, and we have to keep them going, right? So, I don't feel especially good about living in Manitoba with the lowest disposable income in Canada. It hasn't improved, I'm certain. So, anyway, these are just some of the things.

One of my favourite political thinkers is a guy by the name of Gairdner. My brother gave me his book about—years ago. I've been reading him ever since. He wrote a book called *The Trouble with Canada*, 1991. The bottom line; too much top-down socialism and not enough bottom-up democratic capitalism, and I believe it's true that piecemeal bottom-up reform—any government that perceives, you know, follows that path is going to be around for a long, long time, because when you start coming down from the top, as this government is, you start losing support, and so it's many things.

Here's another book he wrote, *War Against the Family*, the intrusion of the state into the family, right? I'm talking about the feminist movement, homosexuals and all this razzmatazz and what it's doing to the family. The state is interfering in the family and it's disappearing. The state is winning, as far as I'm concerned. Not an easy book. There's about 2,000 pages of reading material here if you want to read.

* (20:40)

In this book here, he talks about the idea of makers and takers in society. I've met Mr.—Dr. Gairdner, Ph.D. from Stanford, and he's written maybe nine books; I've read three of them. And he says in society there's makers and takers. The takers—the makers are the ones that create the wealth and the takers are the ones that draw from it.

I'm on pension, so I become a taker, right? And I suggest that anybody that's working for the government is providing a service, but he's also a taker. And he goes on to say that when you have, say, a ratio of 2 to 1, you've got two takers to every maker. It's the end game, you're finished. And I know this lady—well, Thatcher says the same thing. The problem with socialism, that eventually you run out of other people's money. And Manitoba's running out of other people's money—that's what it is.

So I don't like taxes. You tax me and you're going to get a reaction. I went through divorce. I've been writing down what I spend for 20 years, every day, just to get on the top of things, and I've got

there. If I can write down and balance my budget, write my expenses down for 20 years and balance my books, this government can do the same damn thing. Discipline—it's called discipline. On life support for five years, too, I might add—kidney dialysis. You don't think I appreciate freedom? Freedom's where it's at.

So, anyway, those are some of the things I just want to say. There's another expression that says, you're going to be the same today as you are tomorrow, except for two things: the people you meet and the books you read—the people you meet and the books you read. Nothing's going to change except for those two things. The people you meet and the books you read.

And I say here's a number of books; here's one on the history of Manitoba—I've read them all. The premiers—the history of Manitoba through its premiers, right? And the other one—here's one on the no alternative—Margaret Thatcher. Great Britain was on its knees in 1979; she turned it around. What was the alternative? It wasn't socialism, because socialism had Britain—Great Britain on its knees. It was conservative discipline restraint, and that can be done, I know it can. If I can live like I did for 20 years and balance my books, this government can do the same damn thing.

So there's a solution here. I still think—and I think, actually, Gairdner's got the solution for this. I really think he does. He's talking about bottom-up, democratic capitalism. Going to the bottom and working from the bottom up. Now, you're granted the right to rule by the people—it comes from the bottom, not from the top, and people seem to forget that, eh?

So, I invite all—you want a list? I'll give you a reading list, and there's 2,000 pages here. You can read it if you want, but the I—it's a freedom system. Gairdner presents a freedom system. In other words—it's interesting, he has all kinds of interesting ideas on health care and so forth. We don't necessarily have the best health-care system around. I'd say it ranks about No. 30. Pharmaceuticals killed my son; pharmaceuticals ruined my kidneys. The health-care system in this province is batting one for three. I had a successful kidney transplant. We do not have the best health-care system around, so there's ways to cut corners there, eh, as well. We don't have the best health-care system, and there's ways to improve it. In these books it's called innovation, thinking outside the box.

So I really favour direct democracy—I really do. I think Gairdner's on the right track with that. And recall—hey, there is a California governor that was thrown out of office with a recall procedure. We don't have a recall instrument in this province, so why not? Something to think about.

I think this situation in the last couple years is a case for recall if there was a 'prejure' or an instrument, because it's been abysmal, betrayal like you wouldn't believe. I've never seen anything like it.

So, anyway, I've just about said what I wanted to say, and—but I say it's time to take Manitoba back, primarily from its politicians. And I say it starts at the bottom: piecemeal, bottom-up reform, bottom-up democratic capitalism. That's my feelings on it. After 2,000 pages of reading, that's my conclusion. Socialism doesn't work—doesn't work.

Mr. Chairperson: One minute, sir.

Mr. Garnett: I'm finished. I have nothing to say more than that.

Mr. Chairperson: Thank you, sir.

The floor is open for questions.

Mr. Struthers: I want to thank you, Mr. Garnett, for coming to the Legislature tonight and presenting to us. We appreciate that very much.

Mrs. Driedger: Mr. Garnett, why do you think the NDP aren't listening right now to Manitobans? They've certainly heard from thousands and thousands of Manitobans who feel that the PST is going to—the hike is going to hurt Manitobans. Why do you think that they've lost touch with regular Manitobans and just aren't listening anymore?

Mr. Garnett: They have an idea that government can do wonderful things. They believe in government. And I have a bias towards smaller government and lower taxes. That's one of the things I'm for, is lower taxes. The Conservatives did it, federally. They knocked 2 per cent off the taxes. And I think it can be done here too.

Mrs. Driedger: How do you feel about the NDP raising the PST before hearing from all the over 200 presenters that have signed up to speak before committee?

Mr. Garnett: Don't like it at all.

Mr. Gerrard: Thank you, Mr. Garnett, and for your interest in politics and your bringing your reading here. And you use a very strong word: betrayal. I

think there's a lot of Manitobans who are feeling like that. I just want to give you an opportunity to kind of share a little bit more why you feel so strongly of being betrayed by this government.

Mr. Garnett: Well, I've listened to some of the previous speakers. If you're to check all the newspaper clippers—clippings and what's on record, right, for going back two years, it's abysmal.

You know, we've got new house insurance. They've not walked or talked one little bit. It's absurd. I've never seen anything like it. Been around, you know, a long time. And so I don't know. Just check all the clippings. One guy got up and he read them all. You heard him. He had a—did his homework. I've tried to do my homework in a general way, but he had it nailed down. All—he just—you got to walk your talk or you're—it's the unfailing boomerang. It'll catch you. It'll come around and get you. And I think it will the next election.

I'm in Minto. Three thousand people voted NDP in Minto. They've all been ripped off thinking it—they've got—they're getting ripped. As I said, I'd like to have a five-minute conversation with half a dozen of them and plumb the depths of their political thought. There isn't much there, as far as I'm concerned.

Mr. Chairperson: Seeing no further questions, sir, I thank you for your presentation.

Mr. Shaun Horan. Mr. Horan or is it Horan?

Mr. Shaun Horan (Private Citizen): Whatever you like.

Mr. Chairperson: Mr. Horan then. Do you have any written materials for the committee, sir?

Mr. Horan: No, I don't.

Mr. Chairperson: You may proceed.

Mr. Horan: Okay, first off, to a lot of the people that presenting, I'm going, wow, it was great. Like, I've never presented before to the government, and to hear this just makes me think, you guys are in trouble, right? But, anyway, my presentation is from my staff, my family, and some of the friends I have that asked me to come out and speak.

My background is I'm a Manitoban. I was raised by my mom. My dad died when I was 3. She was a secretary, raised three boys all by herself at \$11,000 a year. We used to fight to be in the middle in the winter in the bed, and in the summer we'd fight to be on the outside, because it was cooler. It was

tough, but my mom raised us and we made it. We had a tight budget and we made it.

So I've been pretty fortunate. I've been 30 years across Canada. I've lived in Saskatchewan, Halifax. I lived 11 years in Vancouver, and I moved back here in 1997 to open a business. I opened it with two partners. We started with two employees. I grew it to 70 employees. We got up to \$10 million a year. My wife opened a small business, had 10 employees. And she's still doing well with her partner on that job.

*(20:50)

Why I'm saying that is I have a little understanding of how to run a business, and I think government is just a little bigger business. And I don't see much difference from a household to a small business to the government, if you have the right attitude. And attitude, by the way, is probably the most important thing, right? Attitude is altitude; it is everything.

So I made some notes and I just wanted to cover it off. First off, the 1 per cent increase. I am shocked that you're calling it a 1 per cent increase. My math goes like this: one into seven is 14.3. I go to my staff and I say, what do you think about the increase? Well, the 1 per cent, and they kind of go, are you serious? It's 14.3 per cent, and they go, what? I don't know anybody for a loaf of bread or anything, other than you raising prices on beer and gas, that can go up 14.3 per cent when the average wage increase in Canada is 2.7 per cent.

And I've heard the government go and say, well we haven't raised prices for a while, so it's time. Well, I'm sorry, 7 per cent increase or 7 per cent tax is on an inflationary amount that you get every year. So you've been getting 7 per cent on an inflationary amount. You have been getting increases. So 14.3 per cent is what it's called, and to the opposition I go, I haven't heard 14.3 per cent. You have to do a better job of getting that out there. My staff were shocked at it.

I'm going to cut some of the things off my presentation, because some of the people said it very, very well.

Before I came here, I was wondering what I could say to you guys, because you've already done it. So this is an after-fact presentation. You've implemented the tack, you've listened to the outcries, and you knew what you were going to get into when you implemented the 14.3 per cent increase, so why

are you doing it? Why? Why the raise of 14.3 per cent when you know it'll most likely defeat you in the next election? Well, I'm not as smart as you guys, but I think the reason is you need the money or you wouldn't be doing it. You've gone to every Crown corp and raided their piggy banks, you've added PST to all you could last year, you've taxed citizens as much as you could, and you still need more.

For your information, last year, I—my wife just told me we increased on our house insurance—our insurance \$600 because you added PST to insurance. That's to our cottage and everything else, we had a \$600 hit just because of insurance, right? And don't get me going on booze and haircuts and lawyer bills and all the rest of the stuff. Like, it's unbelievable.

So—but here's my point. The 14.3 per cent is not the problem, from my perspective anyway. It is a symptom of the problem.

When I was younger, I paid my way through university by going up north and I worked at Long Spruce as a cook. Again, I came from a poor family, I put my way through university, I was a cook, and I got shown for the very first time in my life a cost-plus operation. Colin McCracklin [*phonetic*] had the contract and they got cost paid by the government, hydro, and everything else was profit. I had people coming in there—I was a cook—and they would order seven T-bone steaks. They would take out the fillet, throw away the meat. Why? Because they could. It was a cost-plus operation, meaning it didn't matter.

Government is in a cost-plus business, because it doesn't matter. I know you make mistakes—we all make mistakes—but you can raise taxes to cover those blunders. So, you're a cost-plus business not having to worry about costs the same way as families with a limited budget or businesses to stay financially alive. The government has the luxury of always collecting more taxes to cover a bad decision. The government lives in a cost-plus world where families, like I've heard here, have lost their homes and people have struggled. You never, ever, ever face that problem ever, because you can raise taxes. What a nice attitude.

So why does the government waste a lot of money and not stay on budget? I have two thoughts on this, but I'm not a politician, I just drink with my buddies and have fun. The reality is on voting, and I think the gentleman before me—I had a different thing here and I didn't know there was a book written

about it, but there's new—two camps of voters, makers and takers, as he said. I had it—put it down as contributors and I put down the other group as the receiving group. The contributors are plumbers, electricians, landscapers, small- and large-business people—these are the people that provide net new tax. The takers I put down as school teachers, policemen, social workers, welfare recipients, government employees, et cetera. I'm not judging anybody. I'm just putting them into the two camps.

The other group—and as a receiving group expands in size, you want their vote. The other one diminishes. What happens is governments spend more money to expand and keep the basic vote in the receiver group, whereas the takers, the gentleman said, to stay in power. I just want to caution you, the government, this, and I remember Ross Perot ran for the president of the United States, and he did pretty good. But when Bill Clinton won, he went and said to him one thing that I've always remembered. He said, beware of the loud minority that they'll rule the silent majority, right? And I think a large part of what I hear here and what I've seen in the last little while is that has come to fruition.

Third—oh the second from the last reason why I believe we're in this situation, I'm going to give you a definition. I looked it up just before I got here. The definition in Wikipedia states this: The state of being enslaved to a habit or practice or to something that is psychologically or physically habit-forming to such an extent that its termination causes severe trauma. Habits and patterns are associated, typically characterized by immediate gratification, which is short-term reward, coupled with delayed damaging effects, which is long-term costs.

What I'm saying is you're addicted to money. I'll say it again. You're addicted to money. I really believe that the governments are addicted to money. As per the definition I pulled off the Internet, you're looking for a short-term reward and don't care about the long-term consequences. And here's what I found about other addicts. You don't believe you have a problem. You don't see you have a problem. You are in a state of la-la land. You think you're happy.

Two: You have an answer for everything. So, as well as I can speak, you can speak better because you do it for a living. And you will always answer a comment like mine with a better answer. You're just good at it. Most addicts are. You can justify all your actions. For instance, this increase, you see it your own way. And also the other thing about addicts,

until you reach rock bottom, there is no way out for you.

But here's the other one. Only you can make that change happen. Same with anybody addicted to cigarettes, booze, gambling, or whatever. Only you can make the change. And as with all addictions, the cure has to come within yourself. Your addiction, though, I have to say, is harder to stop than anybody's else because taxpayers are the enablers, and you have control over us. We're enabling you.

So, in closing here is how it's going to end in my opinion. You will lose the next election unless you pull a rabbit out of your hat—

Mr. Chairperson: One minute, sir.

Mr. Horan: —yes, for being addicted to money, running a cost-plus business, and not having the knowledge to make tough decisions. You look too much for the receiving group and not enough to the other group, the makers and takers. Most likely the Conservatives will get in. Liberals—maybe joint, and after eight years of cutbacks the Conservatives in power, the pool of takers will then say that's enough, and put you back in power. And all you will be gone; there will be a new group in there.

So I say to you: Shame. Shame on you. You have an opportunity to excel, to leave this in a better place and you haven't. I don't care if it's NDP, Liberal, or Conservative. You haven't done it. And you can do it. You have the brains to do it. You have the power. You just have to have the right attitude. That is it.

Mr. Chairperson: Thank you, sir.

Floor is open for questions.

Mr. Struthers: Mr. Horan, thank you for coming in and thanks for giving us your advice tonight.

Mr. Horan: You're welcome.

Mrs. Driedger: Thank you, Mr. Horan.

Why do you think the NDP—and I think you probably said it within your comments—they really don't seem to want to be listening to Manitobans, and I have to wonder, you know, I mean, they must realize how this is going to hurt people, and in particular it's going to hurt a lot of seniors and many different groups, but they don't seem to want to listen.

What do you think it is going to take to make this government wake up and, you know, meet the challenge you just issued to them, that they have the

opportunity to do the right thing and make Manitoba excel?

Mr. Horan: Well, one off, they're not scared of you guys, right? So they can do what they want to do because they feel they have the power. You have not presented a case that they're scared of. You haven't sat at the front Legislature 40 days if you're a Liberal and say we aren't moving until this gets reviewed or changed. You haven't done that.

* (21:00)

To them, they're addicted. They need the money. Unfortunately, they need the money. And the members haven't walked across the floor because they haven't said, I've had enough of this. And if they can go home to their friends and say they left this place in a better state, then, you know, so be it.

But I suggest you get together; you meet; you solve the problems; you find the money and you cut a little bit of costs. I don't think you have to do a lot. The money is here. The money is here. You don't have to raise any more revenue. I know it, and you know it, actually. So, that's my answer for that.

Mrs. Driedger: The NDP will play the bogeyman, and certainly, they will try to infer that, you know, trying to live within your means is going to harm people and harm services, and they've been playing that card really well. The other card they played really well is the increase of 1 per cent. I mean, and they've been using that—

Floor Comment: Use 14.3, please.

Mrs. Driedger: —and that's exactly what we have been using. We've talked about it. But the government is using 1 per cent because that's part of their sell job to the public to make it seem like not so much. And you're right. We've used it. We will keep using it. But I guess it's—we repetitively have to do it more and more because they are trying to spin, in that it's just a tiny little increase and it's not going to hurt anybody. So, I take that point well.

Floor Comment: Use 14.3 from here on in.

Mr. Chairperson: Order. I have to recognize you for the sake of Hansard. Mr. Horan, to respond.

Mr. Horan: My answer to the government is this—and here's something that I don't understand. Bakken oil fields has more oil and gas in it, in the feel—in the ground, than they've taken out in the last hundred years. We are putting \$20 billion into Manitoba Hydro. Every time you put more money into

Manitoba Hydro, our rates go from 5 cents to 6 to 7 to 8 cents, and it's projected to go higher. I don't know why you just cut the cord, pay off the debt on the existing 'sdam' structure, which can serve all of us quite well in Manitoba, save that amount of money and lower it from 7 to 6 to 5 to 3 and bring business in here. You're going the wrong direction, and I just—there's other things, too. I mean, I'm just amazed at what you guys do. And you guys have to talk to them. And if you—if they're pulling your chain, well, it must be the pension.

Mr. Gerrard: Thank you for your comments. And for your discussion of the fact that government can operate in a cost-plus approach. Just adding new dollars by adding new taxes and, I mean, in my view, that's one of the reasons why governments need to learn how to manage money a whole lot better than what we're seeing at the moment. I mean, this has got to be a real big problem.

And I just want to give you a moment to talk a little bit about the need for governments to do—find—much better ways to manage dollars instead of trying to operate just as if they were a cost-plus business.

Mr. Horan: I have a bunch of employees and I go to them. I've asked my employees, I said, how can we—they're smarter than I am, right, I don't have the answers, but your employees do. Your people do. Ask them. Reward them. Pay them. Who cares if you give them a hundred thousand for you saving \$2 million? I'd hand out those cheques any day. Any day. So, your job is not to know, your job is to get the answers. So ask them. So, that's my answer to that.

Mr. Chairperson: Thank you, Mr. Horan, for your presentation. Time has expired.

Call Mr. Sam Katz, mayor of Winnipeg. Mr. Katz, do you have any written materials for the committee, sir?

Mr. Sam Katz (City of Winnipeg): No, I do not.

Mr. Chairperson: You may proceed.

Mr. Katz: Thank you for the opportunity to speak today. As all of you know, municipalities are struggling to find the dollars to repair our crumbling infrastructure. Here in Manitoba, 20 mayors, councillors and reeves have come together to call for a long-term solution to the infrastructure crisis. Civic leaders are united like never before, as towns and cities across Manitoba struggle to repair 60- to 100-year-old infrastructure.

We tend to talk about infrastructure when it begins to fail: a sinkhole appears in a roadway, a water main breaks, or structures have to be closed for safety reasons. I've noticed, however, that Winnipeggers pay regular attention to infrastructure. In fact, the No. 1 civic issue for Winnipeggers is fixing our streets. About 20 per cent of our local streets are in poor condition. Some of you may have noticed one or two of them on your way here today. These streets require more rehabilitation or reconstruction. Another 15 per cent are in fair condition and require preventative maintenance. It's clear that something must be done.

And the City of Winnipeg is doing something. This year, we began implementing a long-term plan to repair our local streets, sidewalks and back lanes. In 2013, city council introduced a 1 per cent property tax increase to be dedicated entirely to local streets. As you all know, for the first year of the plan, the Province of Manitoba is matching our efforts—\$7 million from the \$277 million in revenue earned from the PST increase will go towards Winnipeg streets. That's a good thing, but it's not a long-term plan and it represents only 3 per cent of the new revenue coming from the PST increase.

All other Manitoba municipalities will share another 3 per cent of the new revenue for road repairs and projects across the province. I believe that Manitoba families and Manitoba businesses expect our infrastructure to allow them to get from point A to point B safely and within a reasonable amount of time.

Without functioning infrastructure, Manitoba's economy will stop growing. We will find that we are unable to attract new investors. Families will lose patience with their governments, both civic and provincial. We all see the problem; now we need to get to the business of finding a solution. All levels of government have an obligation to take municipal infrastructure seriously.

As mayor, I do understand fiscal challenges and the difficulties of balancing the books. Costs go up and revenues don't keep up. Unlike the Province of Manitoba, the City of Winnipeg and all Manitoba municipalities are required to bring forward a balanced budget each and every year, and each and every year it is a real challenge.

The tax and fee increases implemented by the Manitoba government over the last two years total nearly half a billion dollars. For municipalities, sources of revenue are limited. Property taxes remain

the single largest source of revenue—1 per cent property tax increase represented \$4.5 million for the City of Winnipeg. By 2019, the City of Winnipeg infrastructure deficit is expected to reach more than \$7 billion. As you can see, there is absolutely no way for municipalities to climb out of this infrastructure deficit relying on property taxes alone.

But the City of Winnipeg's inability to pay is not the strongest argument for the Manitoba government to implement a strategic plan for municipal infrastructure. No, the strongest argument is that public infrastructure is fundamental to our prosperity and our quality of life. That's why it's time to stop dealing with the municipal infrastructure crisis on a piecemeal basis and develop a comprehensive strategy. Investments in infrastructure strengthen the economy and create jobs for Manitobans.

You've heard me say many times before that for every tax dollar collected in Winnipeg, 65 cents goes to the provincial government, 27 cents goes to the federal government and 8 cents goes to municipal government. I'll repeat those numbers again. For every dollar of tax collected in Winnipeg, 65 cents goes to the provincial government, 27 cents goes to the federal government and 8 cents goes to municipal government. Much of the PST increase will go to provincial government infrastructure for things such as schools and hospitals. The Manitoba government still has an opportunity to act as a leader, to implement a long-term strategic plan with an ongoing, predictable source of revenue devoted entirely to municipal infrastructure.

* (21:10)

As you can appreciate, one of the greatest challenges in municipal government is trying to plan ahead without knowing whether partnership funding will be available. A stable ongoing source of funding would allow municipalities to set priorities, plan ahead and reduce costs by acting strategically.

Planning ahead allows all levels of government to bake—make the best use of taxpayers' dollars. And while it's great the Manitoba government has resources to take part in the Building Canada Fund, many mayors and reeves are asking, how will they find their one-third contribution necessary to participate in these programs?

When we talk about municipal infrastructure what we're really talking about is the future prosperity of Manitoba. If you as legislators don't take steps to solve Manitoba's infrastructure crises,

not on a piecemeal basis but in a comprehensive, strategic fashion, then it's all Manitobans who will pay the price.

The PST hike, unfortunately, is already implemented. Given that's our current reality, I recommend three courses of action: (1) Ensure that spending from the 1 per cent PST is completely transparent. Hold yourselves to account and show Manitobans where every nickel is spent. (2) Exempt municipalities from paying the PST. The PST increase will cost the City of Winnipeg an additional \$1.4 million each year. A complete PST rebate would provide \$17 million to municipalities that could be reinvested and dedicated towards infrastructure. The City of Winnipeg along with the AMM has been calling for the Province to rebate the PST to municipalities since May of 2011. And encourage the Premier (Mr. Selinger) and members of his government to meet with Manitoba mayors and reeves to discuss infrastructure and work towards a long-term solution. Work with us to improve the state of our roads, bridges, sewers and community infrastructure. The entire province will benefit from a clear vision and a sustained effort to improve municipal infrastructure for the next generation of Manitobans.

Thank you.

Mr. Chairperson: Thank you, Mr. Katz.

Floor is open for questions.

Mr. Struthers: Thank you, Sam, for your presentation here tonight. I appreciate your advice and coming down to the Legislature to speak with us.

I do take your point on the importance of infrastructure, the importance of the Province to be at the table with its dollars to participate in a Building Canada Fund.

I do want to point out and ask for your opinion on something that has come forward to the Legislature in the not too distant past. In Budget 2013 the City of Winnipeg benefited to the tune of 8.5 per cent in terms of an increase year over year. That was one of the biggest increases in Budget 2013. That was clearly an increase in support to the City of Winnipeg.

The Leader of the Opposition has said very clearly that he would reduce across the board by 1 per cent in every department that amount of money. That would mean a 1 per cent decrease through Local Government to the City of Winnipeg.

What would that mean for your infrastructure and for your ability as a city to deliver services to citizens?

Mr. Katz: As I said earlier, we're facing a significant infrastructure deficit, as I think you know, all members of the Legislature and all city councillors know, that that is the number one priority of our citizens. They want safe roads, they want safe bridges. I think it's incumbent upon all three levels of government to basically tame this beast and it must be done and it must be done soon. The longer we wait the more it costs.

Mrs. Driedger: Thank you, Mayor Katz, for your presentation.

And I just want to put some correct information on the record because the Minister of Finance (Mr. Struthers) seems to want to put misinformation on the record. And there was never an indication by any of us on our side in terms of a 1 per cent across-the-board cut, and the government is trying to play boogeyman and scare people by putting that forward.

But I do want to ask you a couple of questions. One is the—you know, we certainly have concerns at what the NDP are doing is taking this \$277 million of an increased PST, putting it into general revenue, which is where it's going to go, and using it as a slush fund. Speaking to that, there was an announcement the other day in Winnipeg and I don't believe the City was invited to it, and it was a road announcement perhaps in south Winnipeg. Is the—and it was part of, you know, this fund where supposedly the City was a partner.

Do you get invited to all of their announcements or are their ribbon cuttings being used more to promote themselves and leaving the City left in the dust, not getting any recognition for their part of the funding?

Mr. Katz: Let me first make the comment that (1) I don't scare at all, so I don't worry about what's said and what's read or what's printed in the media. That's No. 1.

Number 2 is that the City and the Province work together and basically try and do infrastructure projects. We communicate. I can tell you that I do communicate with Minister Lemieux. In recent announcements, no representation from the City was invited. I think for some of those reasons it's because we already made the announcements and for others, to be very frank with you, they were old

announcements just being regurgitated. So we might not have come anyways.

Mr. Gerrard: Thank you, Sam, for coming and talking openly in the committee here and making a forceful presentation.

I have just a couple of questions which I'll pull together. First of all, whether you were consulted by the Province before they raised the 1 per cent PST and, if so, what advice did you give? And, second, in terms of the money, you mentioned 7 million, but the Province has already announced a lot more than 7 million in different parts of Winnipeg. I'm just trying to figure out how the numbers add up.

Mr. Katz: I'll address the first. I was—I actually had—the Premier (Mr. Selinger), as a courtesy, does call me prior to budget and a few hours before told me some of the things that were happening. I can tell you that our staff met with some of the top bureaucrats and deputy ministers, as well. There was absolutely no mention made of the increase in the PST. So it came as a surprise to everyone.

Your other question was—what was your other question, Mr. Gerrard?

Mr. Gerrard: We're hearing \$7 million the Province is contributing to streets in the city of Winnipeg, and yet in the last few weeks the Premier has gone around to different parts of Winnipeg and announced a lot more than \$7 million. I'm trying to figure out what's happening, in terms of how these numbers are adding up.

Mr. Katz: As mayor of the city, I can only tell you that the Province has agreed to match our 7, which now gives us 14-plus. We're using leveraging of borrowing to get more work done quicker. How the provincial government gets there's—numbers, I'm afraid I'm not a member of Mensa; I can't answer that.

Mr. Chairperson: That concludes the time we have for questions and answers.

Thank you for your presentation, Mr. Katz.

Mr. Gerrard: I wonder if, you know, we're at the end of the regular list; we have a particularly important dignitary here. I think that there's one or two more people who would like to ask questions and I would ask for leave for the committee to sit a little longer so that the MLA from Steinbach and others can ask a few more questions.

Mr. Chairperson: Just for your—the committee's information, we do have to go down the list a second time. There are at least a dozen or more names that have to be called yet, and then I have another issue to present to the committee. So you're suggesting that we do go through that entire process first, Mr. Gerrard?

Mr. Gerrard: I would ask leave for there to be another five to 10 minutes maximum. You know, this committee was originally scheduled to go—*[inaudible]* I think we've got time to hear from the mayor and have a few more questions. Okay. I won't ask any more questions so I'm saying this—*[interjection]* I'm saying this on behalf of others.

* (21:20)

Mr. Chairperson: Okay. So Mr. Gerrard is—I'm going to take—suggesting leave to have some additional minutes for questioning for the mayor. I do have two more individuals—three, if Mrs. Driedger is allowed another question. So I have three more questions to put and I'm putting it to the committee if there's leave, given that it's—if there's leave for additional time and how much time.

Mr. Struthers on the same point of order.

Mr. Struthers: Yes, we have an agreement between House leaders. We have an agreement from one side of the House to the other. We have included speeches that haven't fit into the time frame and—we've included those. If there is something that this presenter has that he can leave with us, we would accept that to be put on Hansard.

But I think we have to be very careful about not sticking to the rules that we've all agreed to around the table, that I would welcome any chance to talk with the—Mayor Katz about these issues, but I think in respect to everybody else around who has presented and will present over the next number of evenings, I think we better stick to the rules that the member for Steinbach (Mr. Goertzen) and our leader of the—House leader has agreed to.

Mr. Goertzen: Yes, I—speaking as the Opposition House Leader—and I'm glad that the minister has a new found appreciation for rules and the law, and I hope that that carries on to his consideration on Bill 20. Maybe we've seen a change of heart for the Minister of Finance (Mr. Struthers) now.

I was party of the—was—on our—on behalf of our party, I was involved, obviously, with the negotiations around this committee, and there was

nothing in those negotiations that would have precluded leave being given for members to continue on for an extended period—a short period of time for questions. Nothing in the agreement—and I have a signed copy of the agreement—nothing in the agreement prevents that. And if there is leave for that, I am happy to offer leave on behalf of our party and I'm hopeful that the Minister of Finance will continue to respect the law that he now says that he's interesting in respecting in proportion to Bill 20.

Mr. Chairperson: I'll hear for one more member but, first of all, as a clarification, we're not speaking on a point of order. Mr. Gerrard asked for leave to seek additional time for which we need unanimous consent.

Last speaker on this point. Ms. Oswald, on this point?

Ms. Oswald: Yes, on this point, and I thank you, Mr. Chair. And one is—one of those people that had a question ready to go, and it was a blockbuster, I assure you.

I do want to say that there has been an agreement in place, and I want to take a moment to commend you, Your Worship. I think there were some people that were speculating tonight that you would come to committee and have an expectation or a desire, at minimum, to be bumped to the top of the list, and there was no such request. You came to this committee as every other citizen that came today. I really do commend you for that.

And honestly, I—with great respect, would not want in any way to sully that, in have you be treated in a different way than your neighbour or the person that lives down your street. I hope we can continue a dialogue going forward on all matters of partnership between the City and the Province, but I would respectfully submit that going forward with leave would be to, at this juncture, treat you differently, and I would suspect you would not want that.

So I submit that we, with respect, deny leave for this to happen.

Mr. Chairperson: Okay. Well, we do not have leave, so on that note, Mr. Katz, I thank you for your presentation once again. *[interjection]* Pardon me?

Just for clarification for the committee, in order to extend speaking time, Mr. Gerrard asked for leave. And in order for leave to be granted, we have to have unanimous consent of the committee, which we do not have. So, in effect, leave has been denied.

Floor Comment: I thank you very much, and just as a parting comment, the last three hours plus have been very enlightening to me and I appreciate the time that you're spending here today. So thank you all.

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

So, now we go back to the top of the list and I'll read through the names of the individuals who were called earlier and dropped to the bottom of the list, and I will start with the out-of-town presenters.

The first individual is Nestor Molina. Mr. Molina's name will be dropped to the bottom of the global list.

Mr. Martin Howard. Mr. Howard's name will be dropped to the bottom of the global list.

Claire Cooper. Claire Cooper's name will be dropped to the bottom of the global list.

Ms. Cathy Cook. Cathy Cook's name will be dropped to the bottom of the list.

Mr. Robert Wonder. Mr. Wonder's name will be dropped to the bottom of the global list.

Mr. Jason Thompson. Mr. Thompson's name will be dropped to the bottom of the list.

Mr. William McCartney. Mr. McCartney's name will be dropped to the bottom of the list.

Mr. John Birt. Mr. Birt's name will be dropped to the bottom of the global list.

Lyle Misura. Mr. Misura's name will be dropped to the bottom of the global list.

Mr. Bill Moore. Mr. Moore's name will be dropped to the bottom of the global list.

Mr. Dennis Nault. Mr. Nault's name will be dropped to the bottom of the list.

Mr. Peter Tucovic. Mr. Tucovic's name will be dropped to the bottom of the list.

Mr. Nelson Camp. Mr. Camp's name will be dropped to the bottom of the list.

There are three individuals who have put their names on the list this evening. We would need leave of the committee in order to hear these three individuals. What is the will of the committee?

Mr. Goertzen, on a point of order.

Mr. Goertzen: No, on a question for the committee.

I understand that the Minister of Finance (Mr. Struthers) was very concerned about the rules before and he thought that there was something in agreement that would preclude this from happening.

Now, because we actually believe in democracy, we will allow this leave to happen because we want to hear from people.

And I'm disappointed that members opposite, including the Minister of Health (Ms. Oswald), tried to use the agreement that we have to block having a couple more questions from the mayor. But we are willing to overlook the things that the Minister of Finance said were out of order because we want to hear people, so we're looking forward to granting leave and I'm sure nobody will want to delay this any further. *[interjection]* Oh, I was wrong.

Mr. Chairperson: So, was that a point of order or a point of information or—

An Honourable Member: That was a point of both. Information.

Mr. Chairperson: Because there was no point of order there.

Minister Oswald, on a point of order or a point of information?

Ms. Oswald: Yes, just to submit some further information to help us further along.

With great respect I think the member for Steinbach (Mr. Goertzen) has put some information on that doesn't quite match reality. Indeed, in order to expand the time for the previous speaker we would have had to depart from the agreed-upon rules.

In fact, to give leave to speakers that have signed up tonight, this is a reflection on the rules that you read to us at the beginning of committee, when evidently members opposite weren't paying attention.

So simply, you're asking us to go forward in fulfilling the rules that you laid out at the beginning of committee, which I think is appropriate. And of course we want to, I believe, hear the people that are here tonight.

Mr. Chairperson: Okay, thank you.

Order, please. Thank you.

Neither member, frankly, had a point of order. However, I did put it to the committee if there was leave for—to hear three additional speakers—and I heard from Mr. Goertzen and from Ms. Oswald and both seem to be agreeable to that concept. So on that

basis then we do have leave of the committee to hear the three additional speakers. So, thank you for that, both sides.

So I will call Mr. Bob Preston to the podium please. Mr. Preston, do you have any written materials for the committee, sir?

Mr. Bob Preston (Private Citizen): Yes, yes, I do.

* (21:30)

Mr. Chairperson: Our Chamber staff will distribute them. You may proceed when ready.

Mr. Preston: Okay, I think we need to really start off and ask the question: Why are we here? I think the question really needs to be asked looking at the big picture.

The short answer, I believe, is flooding. It's inflicted heavy costs on the citizens of Manitoba. Why? Well, it's because almost all the citizens of Manitoba live on a flood plain. Years ago, that really wasn't too much of a problem. People didn't own very much, lived in a one-room house, could just pick up the few belongings they had, walk to higher ground, come back and kind of start off again.

But people today have basements, furnaces, sofas, TVs, computers; we've got a lot of stuff. Often we keep it in the basement. Society has got a lot of stuff. We're all interconnected. We have hydro; we've got natural gas; we've telephones, highways, bridges. All of those things are interconnected, and the thing is, it costs a fortune. So today when we have a flood, it's a catastrophe. It's not kind of bad; it's a catastrophe.

Let's look at some history. In 1950, Winnipeg flooded. I was there. Yes, it really did flood, and the provincial government at the time had good vision, and quite a few years later, we actually got Duff's Ditch. It saved the city in '76 and '79, but a monster flood came in '97 and Winnipeg almost lost it. It was really only rapid response by the provincial government building this Z-dike that saved the day. And later, that same government exercised a lot of vision, and it beefed up the floodway, put in new bridges, improved ring dikes surrounding homes and communities, and all of southern Manitoba south of the city and much of it north of the city, too, really had infrastructure that saved it.

And I think we need to be really appreciative of that. All that work and all that money was so effective that when we had other floods, we hardly even noticed it. In 2005, there was a flood, but if you

were the heavy population of the city in Winnipeg, you really didn't know. But anyway, we had a second monster flood in '09. The Red rose to its second highest level—the second highest level in 150 years, but losses were modest and the reason was all of that infrastructure. People could've lost their homes.

People here are complaining about losing \$450. If you lose your house—and none of us basically have house insurance for overland flooding—you're behind the eight ball, not for 150 bucks; 300,000 bucks—that's what you're down. You need to recognize that.

I'd like to point out in Fargo—in 1997, Fargo had the same flood. And then in nineteen oh—pardon me, 2009, Fargo had the same flood. Fargo is still not protected.

What does it mean when you lack vision? The 2011 flood was really a repeat of the 1999 flood, except it didn't happen in the same spot. It happened west of us on the Assiniboine and the Souris. Melita, Souris, Brandon, Portage—those guys would've been under water. Rapid response by the government, the provincial government, saved the day. We need to remember that. Talk to the people in Brandon who would be under water. Flooding did happen, but it was held to a minimum.

I'd like you to think about Minot, North Dakota, because it's on the same river. And what happened to it? A third of Minot was washed away—a third. Talk to the people in Minot about help from government, or rather, the lack of help from government. More serious flooding is going to take place. As we speak today, the water in Reston is going down. They're mopping up their homes. And we need to help those people. Yes, it's going to cost some money, but we need to help them.

The infrastructure is needed. We need permanent dikes. Well, maybe there's another Shellmouth Dam—I don't know. I'm not a hydrologist. But we need upgraded floodgates. We need control channels on Lake Manitoba and Lake St. Martin, dumping more into Lake Winnipeg. Those two control structures from Manitoba into Lake Winnipeg is going to be a quarter of a billion dollars. And people are saying: Where is this money going? It's helping to save some of the citizens in Manitoba.

Some people say, well, let's whip the money out of other programs. Health—health—I'm reasonably close with these numbers: \$5.5 billion goes into health. Have you been to a hospital recently? The doctors are overworked. I'd like to remind us a few

years ago in the '80s there was a major cut and one of the cuts was training doctors. It's taken 15 years to get back some of the medical profession that we needed. It takes a long time. Anyway, go to a hospital. People are working. They're working hard there. And we need more pharmaceuticals. Some of the people are saying: I can't take my medicines because I can't buy them. Some people need help.

Just as an aside, when I was in my early teens I remember being at my best friend's New Year's supper. His dad had a heart attack. We phoned an ambulance. This is when I was just in my early teens. While the ambulance comes to the door, do you know what they say? We need to be paid first. You pay us now, we'll take him to the hospital, while the ambulance—it doesn't happen now, okay. We just take you to the hospital and we'll cover the cost somewhere else.

Education—\$3.7 billion into education, but our population is migrating. People from the rural areas are coming to the urban, and a lot of people are going to the south end. Where the people are starting to congregate, the schools aren't there yet. We need to build schools. Not only that, we need to put in the infrastructure in the school. Education today is not just a building, but it's a whole bunch of other things. I want to talk about schools. If you're getting a fancy degree today from the U of M in economics or doctors, basically you have to have wealthy pockets behind you to get your kid through there.

Mr. Chairperson: One minute, sir.

Mr. Preston: One minute, okay.

Family Services—look, they're under stress. We've got homeless, children are underfed. The UN says that one out of 10 Canadian children are underfed.

Infrastructure and Transportation—\$0.7 billion. Look at some of the bridges. Look at Disraeli.

Justice—\$0.9 billion. Our Chief Supreme Court Justice Beverley McLachlin says justice is in trouble and it's threatening the rule of law because of underfunding.

* (21:40)

So, can you steal from those departments? You can't. Also, Manitoba's budget, a third of it comes from, actually, transfer and equalization payments from the federal government. And the federal government is cutting back on that almost right away.

Is that the signal to stop? Yes.

Mr. Chairperson: Thank you, sir, for your presentation. Five minutes for questions and answers.

Mr. Schuler: I would just like to ask, Mr. Chair, if you would canvass the committee to see if there is leave to print the entire presentation into Hansard as per the previous rules which we haven't been following to date but I think we should in this case.

Mr. Chairperson: Mr. Schuler has said. What is the will of the committee? *[Agreed]*

Raising the PST

Why are we here?

If you look at the big picture... the short answer is flooding... It's inflicted heavy costs on the citizens of Manitoba. Why? Because everywhere in Manitoba, people live on flood plains. Historically the floods came and went. Back then people owned little, lived in tiny houses. They just made do. Today we... have stuff... basements... TV's, furnaces, sofas, computers. Society has expensive interconnected systems, drinking water, hydro, natural gas, highways, hospitals. Today, floods are a catastrophe for individuals and society.

Some history:

In 1950, Winnipeg flooded. The provincial government had vision, it created "Duff's Ditch". It saved the city in '76 and '79.

But the monster flood came in 1997 and Winnipeg almost lost it. Only the government's rapid response and the "Z-dike" saved the day. Later, with vision, the government beefed up the floodway, ring-dikes surrounding homes and communities.

In 2005 it flooded again, but a second monster flood occurred in 2009. The Red rose to its second highest level in 150 years... but losses were modest...

Note: Fargo, ND flooded in 1997 and 2009. They still aren't protected. What does it mean... to lack of vision?

The 2011 flood was a repeat of the 1997 flood, except it happened out west. Melita, Souris, Brandon and Portage were all severely threatened. But rapid response by the provincial government saved the day. Flooding was held to a minimum.

Note: Minot was swamped by the same flood. What does rapid response mean?

More serious flooding will take place! Reston is mopping up their flooded homes as we speak. Infrastructure is needed: permanent dikes, maybe... more Shellmouth Dams, upgraded flood gates, control channels on Lake Manitoba and Lake St. Martin. Those two channels alone with cost \$250m.

How to pay for this? Take money from other programs? Let's use our eyes.

Health: @5.5B, hospitals are overworked, more help need with pharmaceuticals. (Health needs more.)

Education: @3.7B, the population is migrating to the city, education is becoming computerized. Equipment, schools... (Education needs more.)

Family Services: @1.1B, look at neighbourhoods under stress, homeless on the street and many children are underfed. A UN Special Report by Olivier De Schutter talked about food banks, he stated 1 in 10 children in Canada are underfed.

Infrastructure and Transportation: @0.7B. Look at our bridges and potholes. (Transportation needs more.)

Justice: @0.9B. Our Chief Supreme Court Justice, Beverley McLachlin, said Canada's courts are so seriously underfunded it's threatening the rule of law.

The above five underfunded ministries make up 3/4 of the Provincial budget. Bleeding money from them would be short sighted.

Remember too that Manitoba is a have-not province. Close to 1/3 of the Manitoba budget is funded through Federal Transfers and Equalization Payments. Recently Mr. Flaherty announced a change to the Equalization formula. In the future Equalization Payments will be calculated on a per capita basis not the province's fiscal capacity. The result is, over the long haul, the Federal contribution to Manitoba's economy will be less. That cut means Manitoba's taxation must climb just to maintain presence services, even omitting the cost of flood mitigation.

Nay sayers suggest the extra 1% tax (roughly \$450 per family) would better drive our economy if it remained in the individual's hands. That's a spurious argument. Stats Canada now says middle-class, income has stagnated. Middle-class spending, for quite some time, has been generated through borrowing, and now they are paying off debt. Note paying off debt, buying clothing or buying electronics, actually ships money out of the province,

often out of the country. And those with stronger incomes often take holidays out of the country. All of those actions have a negative impact on Manitoba's economy, because all of them remove from Manitoba's economy.

Compare that to the dollars going into the 1% tax increase. That money would be spent on infrastructure such as roads, bridges, schools, hospitals, etc. All of their construction and much of their manufacturing would be done here. On top of that, there is a multiplier factor. Some infrastructure would be augmented by federal and municipal contributions. So more money is drawn into the pot. Building infrastructure increased jobs and keeps dollars in the province. It raises our standard of living, and keeps our citizens safer. Who in Winnipeg wishes we didn't have a floodway? Shouldn't the people in Melita, Souris, Brandon and Portage have the same security?

Everyone appreciates benefits, nobody likes taxes... but the two are linked! The Manitoban's need the economic factors and the security, that 1% tax will bring.

Vision is rarely appreciated before hand... But it's afterwards, it's treasured.

Bob Preston

July 2/2013

Mr. Chairperson: Questions.

Mr. Struthers: Mr. Preston, thank you very much for coming here tonight and waiting through until the end in a hot committee room. I—we all appreciate that and we thank you for your advice tonight.

Mr. Preston: I'd like to thank the committee for allowing me to come through and speak with you. Thank you very much.

Mr. Chairperson: Thank you, Mr. Preston.

Mr. Goertzen: Thank you, Mr. Preston, for coming in, for waiting this long an evening in this warm room. I thank you for outlining a lot of the challenges in Manitoba, the long ER wait times, the overworked doctors, you mention, the lack of schools, the homeless, the people who are underfed.

I'm glad you mentioned that in your report which is tabled now, into Hansard. You mentioned in your report, the potholes and the poor condition of our roads and all of those, I think, are correct and I appreciate you bringing in those forward.

I wonder, because the government is double spending in the last 10 years and increased taxes last year by \$300 million, where is your confidence that the additional, now \$250 million, even though they've increased spending by about \$5 billion over the last 10 years, is going to take care of those long ERs, those lack of schools, those homeless people, the people who aren't being fed, the potholes that have occurred under the last 10 years, why would this additional \$280 million make the difference?

Mr. Preston: Well, the suggestion you're making is somehow these aren't going to be spent on those kinds of things. I have confidence that all of us here will spend those things on the right kinds of things. This is not Montréal. I don't think anyone here is thinking that there's under the table stuff, so I'm absolutely confident if I give taxes of \$450 roughly per family, which probably most of us here will do, I think it would be well spent.

Mr. Gerrard: Thank you for your presentation. Some of us have a little different view of the 2011 flood. First of all that the policies of this government which were to have allow extensive drainage in southwestern Manitoba actually let a lot more water come in off the land, and very considerably exacerbated the extent of flooding in 2011, and certainly your view that the flooding was minimal would not be shared by many who live around Lake Manitoba, and certainly not anybody who lived around Lake St. Martin.

But my specific question is this, you know, I and others have asked what specific flood infrastructure is going to be built this year and, in fact, it's not clear that any of very much. Don't you think, therefore, if the flood infrastructure was critical that at the minimum they could have waited for another year before increasing the PST?

Mr. Preston: Well, I'll pass on one of your questions, but I would say, infrastructure is a huge problem, especially when we're talking about drainage because if you drain this puddle of water here, it increases the puddle over there and for the whole thing to be effective, it has to be drained all the way through. I thought the government did an excellent job of saving the places that I mentioned. The result was that Manitoba, the Lake Manitoba, became too high, I would absolutely agree with you, and getting some channels out of Manitoba into Lake St. Martin and into Lake Winnipeg would help with that. Where to start; I'm not a hydrologist so I don't know where to start but I would suggest starting

where most of the people are would probably save the maximum infrastructure.

Mrs. Driedger: Thank you, Mr. Preston, for your presentation tonight.

I just wanted to ask you, were you aware that in the last 14 years the government has only spent 0.18 per cent on flood mitigation?

Mr. Preston: I'm not aware of those numbers. I think, in all fairness to all governments, usually because by and large governments are underfunded, the need—the most needy things in a given year are funded first. So we could easily move medicine to the front on a multitude of basises and education and justice and so on. So I would say it depends on the year.

Mr. Chairperson: That concludes time for our presentation. Thank you very much, Mr. Preston.

Now call Mr. Cyril Keeper. Mr. Keeper, do you have any written materials for the committee, sir?

Mr. Cyril Keeper (Private Citizen): No.

Mr. Chairperson: You may proceed.

Mr. Keeper: Who was it that said democracy is the worst form of government, except for all the alternatives?

So I want to thank you for leave. Of course, if you hadn't given leave I would have been—come here late on Thursday night anyway and kept you longer. So—but thank you very much.

Now, there's another gentleman who had a wise saying. He was a finance minister for Louis XIV and his name was Colbert, and he said the art of taxation is the art of pulling as many feathers off the goose with as little squawking as possible. So that raises the question which has been presented here tonight—and I must say, this is incredible that we can come here and present. I mean, how many provinces does this happen in which an ordinary citizen can walk up here and talk to their elected representatives and to their government? So that's a credit to all elected members of this Legislature.

But the question is—that I've heard—is a question of no tax increases. That's what I've heard over and over again. No tax increases. Now, where have I heard that before? I heard it on Main Street—is it Main Street? At City Hall? I think it started with Mayor Murray, right? No tax increases, election after election. Sam Katz picked up the same theme: no tax increases. And then what did he do? He increased the

tax. Now, in the meantime he'd increased all sorts of fees, so the notion that you can live—that governments and communities and societies can live with no tax increases, I think that needs to really be questioned. And even—God, I don't know, I wouldn't want to say forbid, but if there were another stripe of government after the next election, perhaps Liberal or Conservative, would they raise taxes, I mean, after saying no tax increases. There comes a point when we need a public revenue to do a public service.

Now, there's another gentleman that comes to my mind, and that is J.S. Woodsworth. J.S. Woodsworth had a prayer before the meal, and he said what we ask for ourselves, we ask for all, or words to that effect. So that brings me to my point, which is, really, I have confidence in paying my taxes as long as I know where the taxes are going. What is it being spent on? That's what I want to know.

Now, I've heard from the Premier (Mr. Selinger) and the Finance Minister, flood protection. And I say, good. I say good because who's up here on the wall? Roblin, the original visionary who provided the first great step for flood protection in Manitoba through the use of public tax revenues. Flood protection since those days has become a much more urgent and much more annual challenge. So there's a huge infrastructure question involved in the question of flood protection and mitigation.

Now, there's more than that about where tax dollars go. I'd like to know what tax dollars are going into or will go into—housing. We have a—we have next to almost a zero vacancy rate for people on very low incomes in this province and in this city. Now, that takes public revenues to address that. So I want to know, is it our—a share of my tax dollars going to that public purpose which will provide for safer streets, which will provide for better results in schools, which will provide for better health of our citizens? So I ask the question, tax increases, then where's the money going? That's what I want to know.

* (21:50)

Another place that dollars could go is public transit. I mean we all know that global warming is a challenge that faces us all and our children and our grandchildren that has severe consequences, which we already see starting to happen. Now, if we invested vigorously in public transit, that would use less fossil fuels, get us on to alternatives, and, if we build electric buses in Manitoba, why don't we put

them on Manitoba streets? It would take tax dollars, so where are the tax dollars going? That is my question.

So I think of another public figure who had something to say and I think of Robert F. Kennedy, who used to say: some people see conditions as they are and ask why. I dream of things that have never been and ask why not. So I say to you, inspire us. Inspire us as Manitobans. Inspire us as citizens. Inspire us as members of a community. Margaret Thatcher is no longer prime minister of Great Britain when she said there's no such thing as a society, only individuals. Ronald Reagan is no longer president of the United States when he brought forward his hard conservative philosophy to the political arena, something of which Duff Roblin would not have agreed with. So I say it's time for you to inspire us.

Why not consider, if you're going to put 1 per cent on the sales tax which is a tax that everybody pays, why don't we start thinking about putting 1 per cent on the highest earners in Manitoba, maybe you'd have to create a new tax category. I'm sure I'll frighten some people in suggesting this. But what could we do with such revenues? If we took a percentage of the revenues from those who earn very high incomes in this province, could we use that revenue to build bridges to employment for people who have very low skills?

A very high percentage of Aboriginal people in this province, which is one of our major challenges, Aboriginal people do not make it through high school, and efforts are being made in order for that to happen: voluntary efforts, community efforts, government efforts. But yet we know that a very high percentage are not making it through high school. Can we have some sort of programs, some sort of bridges that would get those people when they're adults into the workplace? Into employment? There's a need for manpower, for people who can work. So could we do that if we had revenues to do it, public revenues?

So I just want to thank you for the opportunity for coming here, being able to express ideas, to talk to our elected representatives and to actually have them listen. Thank you very much.

Mr. Chairperson: Thank you, Mr. Keeper.

The floor is open for questions.

Mr. Struthers: Thank you very much, Mr. Keeper, for coming to the Legislative Building tonight and advising us.

I was particularly interested in some of your views in terms of revenue-generating items. The reason I—the reason my ears perked up is that we had the opportunity to listen to one of the Conservative MLAs come to Public Accounts and ask how it would be that they would implement the HST. The HST—this government has said we would not do it. That it would cost too much for Manitoba—to Manitoba families. It would hit them too hard. But obviously the Conservative Party has—is exploring that.

What would your advice to be in terms of adopting something like the HST?

Mr. Keeper: Well, I think that the policy on that has obviously already been said in Manitoba at least as long as we have the present government, and I agree with the policy.

But I wanted to indicate that, when you increase the sales tax, as long as you tell me what it's for and is for a good purpose, then I say that's good. But if you can't tell me what it's for and if it doesn't agree with my set of values about building a better community, then that raises questions. So that's my central point.

I also wanted to challenge you and others to think deeper. I know that this would be a—what, a political red herring or a political bombshell if you were to talk about raising income taxes. But what about the progressive income tax? The progressive income tax has been one of the things that has been able to lead to a better society. So I challenge you to take a look at what are the earnings of our highest earning citizens in this province, and could they pay a greater share?

Remember this—that the distribution of income through the '40s, the '50s, the '60s and into the '70s, was—the distribution of income—the gap was narrowing. We were getting greater and greater social and economic equality. Since then it's gone the other way, and it continues to go the other way. We had greater and greater gaps between those at the top and those at the bottom. So I'm asking you to consider that question; I don't expect you to do it tomorrow morning.

Mr. Chairperson: We have just over two minutes left.

Mrs. Driedger: Thank you, Mr. Keeper. I would just indicate that in response to something the Minister of Finance (Mr. Struthers) just said, that the reason a Progressive Conservative asked the government

about the HST was because we had heard that the minister was in conference with the federal government about the HST. So the question was some clarification. The—*[interjection]* Oh, it isn't. That was the reason for the question put forward by our side.

I agree with you on transparency, and we have asked for two lists. One is a list of where the government took \$320 million out of infrastructure last year and where they spent it, and the other one was a list of where the \$277 million for the PST hike was going to be spent. In both cases, the government refused to give us those lists. We, too, want to see some transparency. Do you think the government should be providing those lists to the public, to the taxpayers, in order to provide that transparency?

Mr. Keeper: Well, I believe that the government has to tell the public and the citizens where they're spending their hard-earned tax dollars. And I think they're going to have to face that challenge in between now and the next election. And as long as they are able to tell citizens that they're doing it for a purpose that the broad majority of Manitobans agree with, whether it's flood protection, whether it's housing, whether it's education—whatever it is, then I think they'll earn the support of the public in Manitoba.

If they're not able to say that, then I think they'll go, like all governments do eventually, the way of the dodo bird. But I think it's a challenge for them to—they've raised the tax 1 per cent, then they've got to tell us what are they spending that money on—not just that 1 per cent, but all the rest of the tax dollars that they collect in Manitoba.

Mr. Gerrard: I wanted to ask you, in particular, the concern, a follow-up, about the—where the money is going. Because in the documents we're provided by the Minister of Finance, you can see where, on the revenue side, the \$200 million is coming in this year. But on the expenditure side, when you compare with last year, those infrastructure dollars are not there. There's not the increase that one would expect, and, you know, that's one of the reasons why many of us, like myself, are somewhat skeptical of the issue of where the dollars are going, and I applaud you for calling for much more transparency in terms of where the dollars will be spent.

Mr. Keeper: While you were talking there, you made me think of another former premier here, Ed Schreyer. And I know that one of the things that Ed Schreyer did when Roblin was premier—other

gentleman up here—was that he didn't always oppose what the government did. He supported it if he thought it was a good public purpose. Ed Schreyer supported Roblin when he was seeking to build the floodway.

* (22:00)

So I say to you that the only way that a government gets elected is if they do what the people value. And they've got to tell the people what they're spending the tax dollars on, and if they don't do that to the satisfaction of the public, then they'll be out the door. Thank you.

Mr. Chairperson: That concludes time for this presentation. Thank you very much, Mr. Keeper.

The last individual is Mr. John Lambrin. Mr. Lambrindin, do you have any written materials for the committee, sir?

Mr. John Lambkin (Private Citizen): Actually, I don't. I was just added to the docket this evening. I had no intention of talking tonight, so I'm very unprepared. But I'd like to correct you; my name is John Lambkin.

Mr. Chairperson: Lambkin?

Mr. Lambkin: Lambkin, with a B.

Mr. Chairperson: Okay, sorry.

Mr. Lambkin: B and a K.

Mr. Chairperson: The floor is yours, Mr. Lambkin.

Mr. Lambkin: Okay, I'd like to thank, for starters, for allowing me to talk this evening on this very pressing matter. I'd like to thank the PCs and the Liberals for stepping up for the citizens of Manitoba and trying to fight this illegal tax increase that the NDP seems to think we want shoved down our throats.

We can't afford it anymore. We've been overtaxed for too many years. We can't afford to pay for your pet projects, your waste of money, your buying votes, your this, your this, and this. We just can't do it anymore. We're broke.

Let me backtrack here for a second. I've got cancer, so I'm not working right now. I've been off work for about six, seven months. This 1 per cent increase, if you think about it, it's not a lot of money; it's only pennies a day sort of thing, but it's going to put me behind the eight ball, and I'm not going to be able to feed myself like I should be able to. I should be on a high protein diet so I can maintain my

weight, but because you guys are keeping on raising the taxes and trying to dig every dime—I got some lint in my pocket; you could have that if you want it—but, I mean, where's it going to stop? Where is it going to stop?

You lied to us when you tried to get elected back in 2011, I believe it was. You lied to us about not increasing the taxes. The next year, like clockwork, you increase the taxes, one of the biggest increases this province has ever seen. And then you follow that up the year after by increasing the PST to 8 per cent. That's ridiculous.

The NDP, you keep talking about how the Conservatives did this, this and this back in the '90s. You know, granted, they did what they did. Manitoba was a good place to live. I've lived in Manitoba all my life. I think Manitoba is one of the best provinces in this country; at least it used to be. And the direction it's going right now is downhill. We've turned into a have-not province and we're sick and tired of it.

I know I don't speak for the other residents of Manitoba. I don't have that power. I don't have that authority. But based on what I've seen and heard from citizens around Winnipeg, we don't want this 1 per cent increase. It's going to hurt a lot of people.

A little history about myself: I used to run a business four years ago, back when the economy was good. Then the bottom fell out of the economy in 2009. I lost everything. I lost my house, my—I just was living in an apartment so I didn't lose that, but I lost vehicles, I lost money, I lost my dignity, I lost everything, my self-respect. And I ended up working for a living, got cancer, this and that. I lost my apartment because the rent got increased 60 per cent, 65 per cent in one year—65 per cent. I bet you with the salaries that half of you people are making you wouldn't be able to afford to pay a 65 per cent rent increase either.

Sam Katz is gone; I meant to thank him for that because it's his buddies that did it to me. Put me on Broadway. Now I live on Broadway in an apartment that cost basically the same amount of money that it—I was paying at the other place I was living at. I got people brandishing knives; I got people brandishing baseball bats; you can't walk out of your freaking apartment without somebody harassing you for money, cigarettes or whatever you got.

The other day, a gentleman in my building, very smart guy; he's a rocket scientist from the States.

Didn't like the States, he wanted to come up to Canada because he likes the people; he likes the attitude of the people in Canada, in Manitoba in particular. He's lost his sight a number of years ago, blind. He got mugged by somebody brandishing a knife, right outside my freaking apartment.

Okay, now 1 per cent increase is not a lot; it's not a lot to anybody. Well, people on welfare or people that are sick and don't—and can't actually support themselves, yes, it's going to be a lot. But for people here, there's no difference. You come to work, you do your thing, you go home, you pay your extra 1 per cent; it doesn't even freaking bother you.

Me, and other people that are living in the building that I'm living in, and people that are in the same position, trying to raise kids, trying to pay for their mortgages, they can't do it anymore. One per cent is killing them. It's too much.

Now, a lot of these people think that, okay, we'll just—we'll cut back. We just won't eat as much as we normally do. No problem. I mean, it's an overweight society right now, so I think a lot of people could actually go for not eating quite as much as they usually do.

But, they say that if they're going to raise that 1 per cent, use the money wisely, don't waste it. And that's what the NDP government is all about; wasting our money on frivolous-ass shit that nobody wants to—that nobody can afford anymore. A brand new convention centre. A brand new stadium. A brand new Human Rights Museum. This, this, this, and this.

And then the leader of our city comes up here trying to get more money out of the NDP by saying that we're going to start working on the infrastructure—we've got to start working on the infrastructure. Well, I've got news for you. I've been driving in the city for 30 years. The roads have been as bad as this, if not worse, 20 years ago. You know, obviously, they are getting worse because the works not being done on. How come, all of a sudden, 12 years after he's been in power, he's come here demanding money, wanting more money from this illegal PST hike, to do the—to fix the infrastructure that should have been fixed 10, 12, 14 years ago?

Why can't you spend the money on things that need to be done and worry about your pet projects some other day? Use your own money. I don't care how they get done. We're tired—we didn't need a new

stadium. We didn't need a new museum down by The Forks. Do we? I don't think we do.

We—the citizens of Manitoba are a simple folk. A lot of people that live here—I've lived here all my life. I've been here 50 years. Love the—love Manitoba. Never had a problem with the political atmosphere in this province. I've followed politics for 30 years. I've never had a problem with anything that's been done. Everything seems to have been done for the benefit of the citizens of Manitoba.

It isn't happening anymore. It's being done for the benefits of certain individuals in this province, who seem to think money grows on trees. And why wouldn't they think that? Because they're getting paid gross amounts of money to do a job that most people would do for half that price—half that cost. And we're still not getting any results. Why is that?

I'm here. Basically I came unprepared. So I'm just winging it right now.

I need the PCs—I need you guys to do everything in your power to get these guys out of power. Like, I don't know, I've heard sort of a lot of things about right of recall, and everybody knows exactly what that is. I think that should be implemented as soon as the new government is formed. In fact, I think the NDP should possibly resign their post, and start letting somebody fix Manitoba from a have-not province to a province that actually cares and who wants to grow with—it's the year 2013 people. We need to start growing.

Eight years ago, 10 years ago, Saskatchewan had an 8 per cent PST. You know what it is now? It's 5 per cent. They don't have any debt. It's been growing on a yearly basis since it got rid of their union-loving government. The money is not going into your governments. It's time to eliminate the third party. We don't need that third wheel. We need that money being spent on critical infrastructure, services that Manitobans have come to rely on for the last 50 years, 40 years, since the '60s. It's not happening now because we're sharing that money with the union people and they have no business touching my tax money.

I don't have—I've got cancer right now. I can't afford, with the wage I make driving a five-ton truck, I can't afford to go out and get an expensive insurance policy to cover my ass while I'm sick. I've been living on no paycheque for the last three months. Talk about watching your dollars. I went and cashed an RRSP. That money has been lasting

me for two months now. I've been living on that. Eating Kraft Dinner, eating hotdogs, eating whatever I could to sustain myself, but I made it work. I made that money last until I can get onto a program that's actually going to pay my rent, pay for my food—

Mr. Chairperson: One minute, sir.

Mr. Lambkin: —and allow me to get back to work. And that is the goal. I have every intention of going back to work, unless I pass away from this. I'm not terminal right now, as far as I know. I've still got—I'm still going through chemotherapy. But if I pass away, well—from this cancer in the next year or two—in my will is going, I do not want to be buried on Manitoba land. What's that going to cost my estate to do that? It's going to cost me while I'm dead? You're going to try to tax me when I'm dead? I mean that's—it's unbelievable.

* (22:10)

And to answer Myrna Driedger's questions to a lot of the folks that you've posed, what do I think about the illegal PST hike? I tried pressing charges today against Selinger and the NDP government at the—at my local police station. They basically—they shrugged me off, and when I suggested that the NDP is above the law, they basically agreed with me.

Are they above the law? Are you guys above the law? You're going around changing the laws midstream—

Mr. Chairperson: Order. Your 10 minutes is up, sir. We now have five minutes for questions and answers, so.

Mr. Goertzen: Yes, you know, if there's going to be other questions, I just want thank you so much for coming in. There's a lot of people who've made a sacrifice to be here today, work or family or different sorts of things. You've got issues, obviously, on your mind, with health concerns, and it means a lot that you've come in and given your presentation. And I think sometimes we do actually put politics aside sometimes, and this will be one of those times, I think, when we all would agree, we wish you well in your health challenges and—

Floor Comment: I'm a fighter. I'll fight it 'til—

Mr. Goertzen: You know what? We could tell from your presentation you're a fighter. There was never any doubt about that. And so, we just really want to wish you well and thank you for coming in.

Mr. Struthers: We all want to join with what Mr. Goertzen said. In terms of your personal fight, we wish you all the best, and also thank you for coming here tonight and sticking it out in a hot committee room to advise us on your views. So thank you very much. *[interjection]*

Mr. Chairperson: Mr. Lambkin.

Mr. Lambkin: —here or not, but it sure don't feel like it's—I mean, I've got to go back. I was on my—I was bedridden for the last couple of days, so I had to be here.

And it's—you know, it's—I've loved Manitoba. Manitoba has always been the best province—as far as I'm concerned, the best province in Canada. We've got good people, we've got friendly people, we've got people that actually care about one another. A lot of farm people are here, and there's where you get that caring from because a lot of the country folk, they care about what's going on around them.

And I'm just sick and tired of seeing what's happening to Manitoba. You go—you tell anybody from another province that you're from Manitoba, and then they all, all of a sudden—oh, you're that have-not province. You're a—you know, it's hard to—hard to debate that when we are a have-not province. I don't know why the government of Manitoba are so content with being a have-not province. There is nothing good to be—to being a welfare province, having everybody give you money and having to go begging with your little cup. Here, give me some money. I need some more money. We need to build a stadium. We need to do this and this and this. When's it going to stop? Like, I just don't get it. So, I mean, thanks for having me here. I really appreciate it.

Mr. Chairperson: I have two more questions.

Mr. Gerrard: I just wanted to say thank you for coming, particularly under the circumstances, and wish you all the very best. And thank you for caring so much about Manitoba and the future of our province—that you're here.

Mr. Lambkin: Well, I hope we can turn it around—that's my goal. I want to see Manitoba back to where it should be. I mean, there used to be a lot of jokes made about Saskatchewan being less than us, and maybe at one point they were and the jokes were legitimate, but we're not anymore. We're behind Saskatchewan. We're behind every province in this country. It's time to stop that.

It's—for my daughter to grow up having to pay for the debt that was incurred in 2005 and 2010—it's criminal. She should not have to worry about paying down debt as she's growing older, turning into an adult and having to take on these asinine sums of money that you guys are just spending freely—unbelievable. One more question.

Mrs. Driedger: Just a comment, Mr. Lambkin, just to say thank you for being here. Very inspiring to have somebody that is battling cancer that is still willing to come here and fight for something much bigger for the province, and yet struggling with your own issues, so—[*interjection*] just want to thank you.

Mr. Chairperson: Mr. Lambkin, I have to recognize you for the Hansard to record your words.

Mr. Lambkin: I'm sorry about that. Yes, it's—you know, my cancer is small potatoes. I mean, everybody comes and goes. I'll fight it right 'til the end. But I want to see this province, before I die, before I pass away—it may not be from—it may be from the cancer, it may not be from the cancer; I'm still pretty young. But I want to see this province prosper again. I want it to be up there with Alberta, with Saskatchewan. I mean, is that a lot to ask? I don't think it is. I mean, I'm tired of being a have-not citizen. I don't want to beg. I had to go down to the welfare office the other day. It was the worst experience in my life. I told the guy, I'm going back to work in two weeks. Said, well, do you think your doctor's going to like that? Said, well, probably not, but I want to go back to work. I don't care. If the cancer's in remission, that's great. I'm going back to work, and I'll pay my taxes. I'll do this and that, but I'm tired of paying for stuff I shouldn't have to. You know what I mean?

Okay, but thanks for your time, and you guys have a good night.

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

That concludes our list of presenters for this evening.

The hour being 10:16 p.m., what is the will of the committee?

Some Honourable Members: Committee rise.

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

That concludes our business for this evening. Committee rise.

COMMITTEE ROSE AT: 10:16 p.m.

WRITTEN SUBMISSIONS

Re: Bill 20

Dear Committee Members:

On behalf of the Association of Manitoba Municipalities (AMM), I would like to provide comments about Bill 20: The Manitoba Building and Renewal Funding and Fiscal Management Act.

As the organization representing all Manitoba municipalities, the AMM identifies and addresses the needs and concerns of its members in order to achieve strong and effective municipal government.

The AMM would like to express concern that this measure to increase the Provincial Sales Tax (PST) by 1 per cent will not address the over \$11 billion municipal infrastructure deficit in Manitoba. It appears this funding will be spent mainly on provincial infrastructure priorities instead of going to municipalities to address crumbling roads, bridges and community centres.

The AMM is extremely disappointed that municipalities still do not have a new, predictable and long-term source of revenue to fix their crumbling infrastructure. The Province of Manitoba has repeatedly refused requests from the AMM and the City of Winnipeg to increase funding exclusively for municipal infrastructure by 1 per cent of the PST over and above existing levels. Over the last two years the AMM has put forth a number of proposals to the Province to address the increasing infrastructure deficit. Now taxes are increasing for Manitobans—which will raise another \$277 million—without a significant new investment in municipal infrastructure. Although funding to municipalities through the Building Manitoba Fund increased by a total of \$31 million this year, municipalities outside Winnipeg will only receive \$9.5 million of this amount.

Municipalities do appreciate the introduction of some additional provincial funding for infrastructure—\$7 million per year for Winnipeg, and another \$7 million per year for other municipalities to help with road repairs and projects over the next 3 years. The Manitoba Water Services Board funding will also see an increase of \$4 million per year for the next three years. This funding will go towards

municipal water and wastewater engineering studies or projects on a 50-50 cost-sharing basis. This funding is welcomed, but it is not enough to meet municipalities' needs.

In fact, the PST increase will cost municipalities more in taxes on any of their purchases or infrastructure projects. Manitoba municipalities already pay approximately \$17 million in PST. This is money that could be reinvested in local infrastructure needs.

The AMM continues to believe it is inappropriate for one order of government to tax another, and charging municipalities PST essentially amounts to double taxation. As a result the AMM has been asking the Province for several years to exempt municipalities from paying PST. The federal government already provides a full rebate of the federal sales tax, the Goods and Services Tax (GST) to municipalities.

Municipalities receive only 8 cents out of every tax dollar, and as a result they already struggle to come up with their one-third of the funding required for major infrastructure projects. While the Province has said the PST increase will enable Manitoba to take advantage of the federal infrastructure funding program, the Building Canada Fund, municipalities will still have to raise their share of funding. This is another of many new challenges municipalities will have to deal with in order to participate in the new national infrastructure funding programs starting in 2014. It will also leave municipalities with even less money to spend directly on their communities.

The AMM appreciates the opportunity to provide these comments. Thank you for your consideration.

Sincerely,
Doug Dobrowski
President

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Re: Bill 20

Written Submission to the Standing Committee on Social and Economic Development

Submitted by Matt Henderson

In his book *Living in the End Times*, Slavoj Zizek identifies a major gap in our understanding of the pressing environmental crisis and our motivation to react to it: "The gap...is that between knowledge and belief: we *know* the (ecological) catastrophe is possible, probable even, yet we do not *believe* it will really happen." Similarly, James Hansen, formerly of

NASA, indicated in September 2012 that "We have a planetary emergency. There's a huge gap between what is understood by the scientific community and what is known by the public... unfortunately, the gap is not being closed." Hansen and Zizek have identified two key deficiencies in human cognitive processing, motivation, and virtue. One relates to a real understanding of the science related to the degradation of the biosphere, and the other relates, once this understanding is gained, to the psychological processing required to take appropriate action. Coupled, these factors create a gap that arguably will present humanity, and all other species, with significant challenges.

I believe that the current budget before the Assembly (Bill 20) and this committee does not reflect the gap and the crisis identified by both Hansen and Zizek, and that the politicized debate between the Official Opposition and the Government does not take into account the fact that as a province, we need to prepare for natural disasters directly caused by changes to climate AND to take measures, not to increase our energy consumption, but to counter our addiction to energy and growth.

Firstly, the flooding we have witnessed in the last decade within Manitoba and most recently in Alberta is only the tip of the iceberg, so to speak, in terms of the cost of climate change and related local catastrophes. A 1 per cent increase in the PST or other consumption taxes will be a drop in the bucket compared to what we will have to pay for future displacement of people, property, and communities. Many opponents of the increase look at Alberta and Saskatchewan as examples of provinces which can either have no provincial tax, or decrease it. Unfortunately, Alberta has played the role of the Grasshopper by not collecting a sales tax over the last few decades, and Albertans will start paying for carbon emissions very soon. Could you imagine if Alberta had nationalized its oil and still had a sales tax? What a fantastic position they would be in! At this point in Manitoba, we either need to pay for externalized costs through a sales tax or through, God forbid, carbon taxes. The point is, that externalities, such as GHGs, are a cost and must be addressed. My hope is that both the Government and Official Opposition can speak the same language on this, instead of turning a PST increase into a populist fist fight.

Secondly, I feel that we need to begin the planning process for reducing our energy consumption and our addiction to the notion of growth. There is a

misguided understanding that economic growth should be worshipped and that this growth should be based on consumption. On June 5th, Minister Chomiak stated: "Manitoba's hydroelectric consumption is going up 80 megawatts a year, which is about equivalent to what Saskatchewan's doing, cause our economy's doing pretty good. So we're going to run out in 2022 if we don't do something." (CBC, <http://www.cbc.ca/news/canada/manitoba/story/2013/06/05/mb-hydro-power-generating-stations-manitoba.html>).

Doing pretty good? I am not sure what this means. Is our economy doing so well that we need to increase flooding in northern areas of the province, whereby killing forests, and generating more GHGs? The idea of uneconomic growth has gained considerable attention and I think Manitoba should not only be a leader in this area, but also in the potential for leadership in green technology. China is certainly surpassing everyone in this latter area. Ramez Naam, in his book *the Infinite Resource: The Power of Ideas on a Finite Planet*, suggests that China will greatly surpass North America in economic growth, not because of traditional practices, but because of investment into green technology. Joseph Stiglitz, in *Globalization and its Discontents*, suggests the same.

Denmark serves as an amazing example of how an economy and society can make significant changes and sacrifices for the benefit of the common good and the biosphere. Jeff Rubin, in *The End of Growth*, remarks how Denmark, although powered nearly fully by coal, produces a fraction of the GHGs than that of most industrialized countries. How does Denmark do it? It consumes less. Electricity in Denmark is six times more expensive. Vehicles are taxed 100%. People ride bikes, use less energy, and get this, are the happiest people on the planet, according to the most recent World Happiness Report. Now how can I possibly compare Canada to Denmark? I get it, but the idea of a society coming together to consume less and that this has made them happier, I think is quite telling and profound.

I have recently reread Ernest Callenbach's *Ecotopia* (I would be more than willing to purchase this classic novel for all 57 members of the Assembly). In this 1975 story about how California, Oregon, and Washington secede from the United States to create "Ecotopia," Callenbach lays out a simple and brilliant plan for what the Danes are in the process of achieving. In one chapter, he describes the evolution of the Ecotopian economy as such:

There was a drop in the Gross National Product by more than one third. But the profoundest of the decreased work week were philosophical and ecological: mankind, the Ecotopians assumed, was not meant for production, as the 19th and 20th centuries had believed. Instead, humans were meant to take their modest place in a seamless, stable-state web of living organisms, disturbing that web as little as possible. This would mean sacrifice of present consumption, but it would ensure future survival.

So whether you are sitting with the Government or the Opposition, don't you want to go down in history as the MLA who stood up for long-term and sustainable planning? Do you not want your name to be associated with innovation, critical thought, and compassion? Or do you want to be on a forgotten list of politicians who didn't have the political courage to risk their jobs by speaking out about this gap, as identified by Hansen and Zizek? I truly think Bill 20 could be the catalyst for this change in philosophy and I would press the Opposition to see this change in the document. The time of short-term gains in wealth are over; the writing is on the wall. Manitoba has an opportunity to be a leader in creating sustainable systems that are based on preserving the biosphere before profits. I hope you accept this challenge and seize the opportunity.

* * *

Re: Bill 20

Take a deep breath and think twice - 3 times - and lots of times what you are doing to Manitoba residents. You should be ashamed of yourselves. You are clearly completely disrespectful of our citizens. You have the nerve to say that no matter what the public hearings report to you - the pst will be increased - how ignorant can you people be??? You have such an opininated self-serving uncaring attitudes.

Your promise of not increasing pst means nothing to you at all. The referendum that should have been called according to law - means a big fat ZERO. Your party should be brought to court and thrown out - but no - you idiots are the government - so you are safe and sound!!

Under current rules the provincial election would be Oct. 6, 2015 - another 830 days to tolerate your bad budgeting, etc.

My husband and I are on very fixed pension income - we have worked all our lives but now - even under the 7% pst we seldom afford new clothing, absolutely no new furniture - our pennies are counted, we live on a tight budget. The 1% may not sound much to the ndp although you certainly have plans already how to spend it, but to the average working person or pensioner it makes a difference. This will weaken the economy, it will inflate prices on numerous directions. More people will have to go to the food banks for help, even though we are warned not to use our credit cards - peopole will be forced to use them to buy necessities. Plus, where else will the NDP decide to add pst to add to their pockets?

We have heard for years now about having to repair the infrastructure - and if the ndp didn't spend our tax money on so much frivolous crap there would be money available. Seniors, students, working people can't come to you with hands out and empty wallets - but you do it to us continually. You need some new

accountants - ones that actually balance a budget and stretch the funds you already receive!!!

You have threatened to push through the 8% despite the outcry from your citizens - your disrespect will not be forgotten in 2015 or 2016, whichever year is election, and you can take the next train out of Manitoba. We know that Mulcair would love to be the next prime minister of Canada - and knowing what we know now of ndp - it would be a very very sad day for Canada, it is bad enough for Manitoba.

I had planned on making a personal appearance at the committee meeting - however, due to the stress that I have been experiencing I suffered a heart attack in May and unable to speak - it would be just too stressful as even writing this I am fuming mad

I was an ndp believer at one time, not ever again - I am a Conservative through and through and pray that P M Harper and our Conservatives in Manitoba continue their good work.

Florence Horan, a very upset and angry senior citizen

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>