



Fourth Session - Thirty-Fifth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

NAME	CONSTITUENCY	PARTY
ALCOCK, Reg	Osborne	Liberal
ASHTON, Steve	Thompson	NDP
BARRETT, Becky	Wellington	NDP
CARSTAIRS, Sharon	River Heights	Liberal
CERILLI, Marianne	Radisson	NDP
CHEEMA, Gulzar	The Maples	Liberal
CHOMIAK, Dave	Kildonan	NDP
CUMMINGS, Glen, Hon.	Ste. Rose	PC
DACQUAY, Louise	Seine River	PC
DERKACH, Leonard, Hon.	Roblin-Russell	PC
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DUCHARME, Gerry, Hon.	Riel	PC
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EVANS, Leonard S.	Brandon East	NDP
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HELWER, Edward R.	Gimli	PC
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MALLOWAY, Jim	Elmwood	NDP
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WOWCHUK, Rosann	Swan River	NDP
<i>Vacant</i>	Rupertsland	

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, April 26, 1993

The House met at 8 p.m.

COMMITTEE OF SUPPLY (Concurrent Sections)

FAMILY SERVICES

Mr. Deputy Chairperson (Marcel Laurendeau): The Committee of Supply will be resuming consideration of the Estimates of the Department of Family Services.

When the committee last sat, it had been considering item 1. Administration and Finance (e)(4) Information Systems (a) Salaries—pass; (b) Other Expenditures \$151,800—pass.

Mr. Doug Martindale (Burrows): Oh, I am sorry. Are we on five?

Mr. Deputy Chairperson: We are just going to five.

1.(e)(5) Policy and Planning (a) Salaries \$762,000.

Hon. Harold Gilleshammer (Minister of Family Services): I have some information I would like to put on the record here in relation to a question that was asked earlier today in the Program Budgeting and Reporting communications costs for 1993-94.

There was a budget line of \$19,700. Of that, telephone costs were \$4,900; printing is \$13,700, of which the annual report was \$11,700 for 550 copies in English, 250 copies in French. I have a distribution list—the Legislative Assembly, caucus offices, central government office, internal distribution in departments, universities and public libraries, on request to other governments, agencies and the public.

The Estimates Supplement, which is also part of that budget, was \$2,000 for 200 copies, and the distribution is similar, plus \$1,100 for messenger and courier costs. The total cost of that was \$19,700.

Mr. Martindale: Mr. Deputy Chairperson, before I start asking my questions, is there agreement that we are adjourning at 10 p.m.?

Mr. Deputy Chairperson: What is the will of the committee?

Mr. Gilleshammer: Oh, I would go later if you would like.

Mr. Martindale: We would like to adjourn at 10 p.m.

Mr. Deputy Chairperson: We will check with what the committee wants to do at ten o'clock then.

1.(e)(5) Policy and Planning (1) Salaries \$762,000.

Mr. Martindale: Mr. Deputy Chairperson, I see there are two managerial staff and nine professional/technical. Could the minister tell us what they do in Policy and Planning?

Mr. Gilleshammer: Yes, I would be pleased to tell you what they do in Policy and Planning. This is the branch of our department that has a lot to do with the various functions that go on within the department.

It undertakes management support, strategic planning and policy co-ordination, including briefings for the minister and deputy minister; support for legislative debate and Estimates review; and the preparation of policy papers.

It conducts policy research and analysis on social service and income security issues.

It undertakes program analysis and assesses the effectiveness of departmental programs.

It prepares and negotiates Manitoba's cost-sharing claims under the Canada Assistance Plan and Voc. Rehab. of Disabled Persons Agreements; and conducts research and develops strategies to maximize federal recoveries.

A good part of the expenditures within this department—I will just break away briefly to welcome the Leader of the Opposition (Mr. Doer) here, a stranger in our midst.

It also conducts research and develops strategies to maximize federal recoveries, represents the department in intergovernmental and inter-departmental discussions related to a broad range of social service and income security issues. In very broad terms, that is what they do in Policy and Planning.

Mr. Martindale: I guess almost any question on social policy would be relevant under this line, so I would like to ask if the minister or his staff can put a dollar figure on the amount of money from the federal government under CAP that would be lost as a result of capping the number of child-care spaces. If you have fewer children being subsidized, presumably you are giving up some federal revenue, since I believe child care is cost-shared 50-50 by the federal and provincial governments.

Mr. Gilleshammer: There are some variables at play in the question that you ask, but if there are 400 fewer children who are occupying a subsidized space, it would be somewhat dependent on the age of those children and the rate at which they are being subsidized.

Mr. Martindale: I wonder if the minister could tell us approximately how much revenue might have been foregone or at least what the federal government's share of the 400 spaces or cases, and we will get into that later, was eliminated in the child-care system.

* (2005)

Mr. Gilleshammer: Again, it depends on the level of the subsidy required for that particular person. If it is an infant, the subsidy is greater than an after-school-age placement, so again we can talk in averages. If you assume that the average per child would be around \$16 per child, a fully subsidized space, the cost would be \$4,160.

Mr. Martindale: Could the minister tell us what kind of analysis the Policy and Planning department did before the child-care cuts were made and increases were made in fees, and did the staff analyze the effects on parents and employment, for example? Did the staff do an analysis on increased social assistance costs if parents are unable to get child care and therefore are unable to work or have to give up employment? Was this kind of analysis done before those decisions were made?

Mr. Gilleshammer: For sure there was input into the fact that we had a certain number of spaces. If you freeze the licensing, we are aware that has an effect on the system. Similarly, when you have 10,000 subsidized spaces, then when you revert to the fact that there would only be 9,600, there will be people that may be affected that would have to be on a waiting list. The reality of the situation is that we overspent our budget last year considerably, and

even though this year's budget, the print is higher than the previous year, we wanted to be able to live within that budget.

Mr. Martindale: Can the minister tell us if any analysis was done and if so what the analysis showed on reducing the number of weeks of subsidized child care for job search from eight weeks to two weeks?

Mr. Gilleshammer: Well, the department certainly discussed and brought forward ideas on the fact that we did have a very generous component within the daycare spectrum of services that was available whereby people who were unemployed and searching for work could access daycare for eight weeks twice a year. One of the ways for us to bring the budget into line so that we could live within the printed amount was to reduce the number of weeks that they were eligible for.

Mr. Martindale: Now, the minister says that he discussed these things with the staff and that their previous policy was generous. I ask the minister if they did an analysis and what the analysis showed? I would like to have that question answered. Also was any analysis done on, for example, the average length of time it takes people to find a job, which might provide a rationale for a particular time period?

* (2010)

Mr. Gilleshammer: The ability to access a job ranges from, on the one hand, people that have had a job offered and accepted many weeks ago to people who will not access a job through the period that they have left school and are seeking employment. Again, the department certainly made the government aware that there would be people that normally were accessing daycare from the end of June to the beginning of September and did not find employment and then went back to school that would be impacted by this. Again, I point out to the member, we were \$5 million over our budget last year and these measures were put in place so that we could live within a budget that was larger in print this year than it was last year.

Mr. Martindale: I asked the minister if an analysis was done, and the minister in his answer said that the time taken varies for different individuals. So I take it that there was no analysis done, otherwise the minister would have told me. I am wondering if the minister's staff went to the trouble of asking

Canada Employment Centres how long the average time of job search was?

Mr. Gilleshammer: The information that is provided from people who are close to the seeking of employment indicate that there is a wide range of possibilities there depending upon the skills of the person, depending on the availability of jobs. Averages can be factored in but, really, our decision was not based on the fact that we were able to produce some averages.

Mr. Martindale: So once again the answer is no. There was not a consultation with Canada Employment Centres. I am left to conclude that really these were budgetary decisions and there was not a lot of analysis or thought put into them.

Mr. Gilleshammer: Clearly, these were budget decisions, and I have explained that to the member, that we had a budget that was overexpended last year. Even though the new budget is higher than the print from last year, we were determined, even though we were going to spend print over print more money, to live within that.

Part of that was to put some restrictions on the system as to the licensing of spaces and to the accessing of subsidies.

Mr. Martindale: I have a similar question which also has to do, I believe, with a lack of analysis.

I spoke to a constituent who was very concerned about the changes in child-care policy. She indicated that she had a friend who worked for a public opinion polling company who was hired by the provincial government to ask questions of the public, specifically if the government has to cut funding to reduce the deficit, which of the following organizations do you think should no longer get funding? One of them was subsidized daycare.

Can the minister confirm that his government hired a public opinion polling company to find out what kind of cutbacks were acceptable or unacceptable to the public?

Mr. Gilleshammer: No.

Mr. Martindale: I will ask for a clarification. You cannot confirm it or you know for sure that it was not done?

Mr. Gilleshammer: Well, the member has some responsibility to check the facts before he comes to either the House or committee. I am indicating that I have no knowledge of anyone doing any polling

that had anything to do with my department or decisions made here.

I would caution the member that when he brings rumours that he gained from a friend who knows a friend who supposedly works for somebody, that is not very accurate information.

We did a lot of work within the department to analyze the expenditures that we have, and to make some very, very difficult decisions that were part of this budget exercise.

Mr. Martindale: I would like to ask the minister in the area of joint or shared responsibility once again with the federal government.

I understand that the federal government may be putting out a white paper this spring on a guaranteed annual income. Does the minister have any knowledge of that? Are there any negotiations that are going on now or that you know of in the near future?

* (2015)

Mr. Gilleshammer: There have been indications that the federal government is going to do that, but we have no hard knowledge about if it will be done this month, next month or whenever. There has been some public discussion that a social policy paper may be forthcoming.

Mr. Martindale: I assume then that—well, I will make that a question. Does the minister or his department know what some of the topics might be in a social policy paper?

Mr. Gilleshammer: We have no definitive configuration for a policy paper other than federal politicians and federal bureaucrats have been talking about some form of paper to look at planning of social policy on into the next decade. As I indicated earlier that when you have provincial Premiers such as Bob Rae saying they cannot afford to continue the social policies of that government, when we have new presidents indicating that the largest and most powerful country in the world can no longer afford to have people sit at home and collect social allowances and be there for a long time, when you hear the Roy Romanows of the world talking about the very difficult decisions that had to be made by New Democratic governments who are used to what they called redistributing wealth and now they have to cut programs, yes, I think there is real pressure out there, that there will be some policy papers put

forward by the federal government and possibly by provincial governments.

Mr. Martindale: Does this minister have a position on a guaranteed annual income? Have your staff studied this or made any recommendations on it?

Mr. Gilleshammer: Clearly a guaranteed annual income has to be designed by the federal government and have the input of the provinces. Without having any definite goal posts put forward by the federal government it is difficult to say whether we can support that or not. For sure, there is such a mixture of income transfers from government to government, from government to individuals. Some of the provinces exempting it, some of them regarding it as additional income. There is really a smorgasbord of programs out there now, I think, which in many ways is crying out for some commonality that does not exist now. It seems to me that a lot of the tax transfers and benefits are confusing. When we talk about what the basic safety net is and then layered above that is exempted income and that varies from province to province, I would think that it is crying out for solution and that if the federal government is wanting to move in that direction we would support looking at that.

Mr. Martindale: The minister says it is crying out for solution. That suggests that—the minister I think said there should be some changes. So I would like to ask him, are you suggesting that the system needs to be simplified or what kind of solutions or changes would you like to see?

* (2020)

Mr. Gilleshammer: I took the question earlier today about reforms that Manitoba has made to the whole area of income security, but I think that the changes that I would foresee revolve largely around the transfer payments from the federal government to individuals and the tax credits that vary from province to province. I think it is difficult for anyone to get an accurate picture of the availability of funding for individuals and families, and I think it would be beneficial to the broader public to have this more easily understood.

Mr. Martindale: I would like to move on to another topic, and that is, income that some people are eligible for but social assistance recipients are not. If changes were made so that they were eligible for that income, there would be a cost to the system or a cost to the taxpayer, so one is reluctant to

recommend those changes without knowing what the costs are—for example, child maintenance.

My understanding is that women on social assistance are forced to pursue maintenance, but they cannot keep the money or their children do not keep the money. Does the minister know what the amount of money is that may be available in terms of child maintenance but which single people are not eligible to keep? Has there ever been an attempt to put a dollar figure on that?

Mr. Gilleshammer: We are not able to put a dollar figure on that amount of money that is ordered by the courts that comes in the form of maintenance payment, but you are correct that that is regarded as additional income, and it is then deducted as additional income. It is not exempted income.

Mr. Martindale: I have a policy question. What is the rationale for these single parents not being allowed to keep child maintenance payments, given that normally they are intended for children and in other family situations, people are allowed to keep it? I would think that parents on social assistance are an exception. So what is the rationale for parents not being allowed to keep the money to spend on their children?

Mr. Gilleshammer: The social allowances is intended to provide that basic safety net for shelter, clothing and food and determines the rate at which this is paid, and when additional income is garnered by that individual or that family, it is not exempted. It is regarded as additional income and it is treated in that way.

The member is right, that there would individual families not on social assistance which would have that money flowed through to them, but in determining the level of social assistance required, their requirements would be less if, in fact, they have other sources of income.

Mr. Martindale: I think it is a relevant topic to pursue because, as we know, approximately 60 percent of single-parent women live below the poverty line. So, if we want to lower the poverty rate for single-parent women, then one way of doing it would be to allow them to keep child maintenance payments. So I guess that is one of the reasons why you need to know how much it costs, but certainly having that additional income would be very helpful to single-parent women to enable them to have a more adequate standard of living.

Would the minister be willing to ask the Policy and Planning staff to do some research and to provide me some information at some future date on what the cost to the system would be or even a best guess of allowing single parents to keep the child maintenance payments?

Mr. Gilleshammer: I would assure the member that, when we are finished our Estimates either later this week or next week, the staff will take the time to go through all of the comments that have been made by honourable members to review what has been said and to see what ability we have to move on some of those issues.

Mr. Martindale: Could the minister tell us if an analysis was done on the elimination of the student social allowances program? Did the staff do any analysis or make any recommendation saying what the effect would be on those students, how many they expected might possibly be able to return home, how many might have to drop out of school, how many would go on the city social assistance system for those who are resident in Winnipeg? What kind of analysis was done before this decision was made?

Mr. Gilleshammer: As I have indicated earlier, departments every year bring forward options that are possible target reductions. The caucus of which the member is a member went through the same process where people who work within that particular branch of the department bring forward possible target reductions, and these are analyzed. These are discussed, and the impact is determined as far as we can take it.

For instance, there are something like 1,100 students on the student social allowances now, and, as I have indicated, this program will terminate at the end of June. It is difficult for us—difficult for anyone to predict what the decisions that are going to be made by these individuals will be, and in some cases those student allowance recipients may have three or four options they look at.

Well, we are indeed pleased to have the member for Wellington (Ms. Barrett) back here this evening to offer her comments, because she has always been giving us valuable input in the past and I am pleased she still has some interest in this department. I will get back to the answer, however.

(Mr. Gerry McAlpine, Acting Deputy Chairperson, in the Chair)

Of the individuals who are on the program, some of them will graduate; some will return home; some will find part-time work; others will perhaps access other programs. So they will have some decisions to make, and many of them will not make those decisions until later this year.

* (2030)

Mr. Martindale: The minister says that students had options and there was some analysis done, but it is difficult to predict the impact on those 1,100 students. Why would you go ahead and eliminate the program if you did not know what the impact was going to be on the students? Why was the analysis not done first rather than after the fact?

Mr. Gilleshammer: Mr. Acting Deputy Chairperson, what I have said to the member is that there are a number of options that they can exercise, and when they have not made those decisions themselves, it is difficult for us to put them into particular decision-making categories.

However, I have explained to the member before that this was a program that did not exist anywhere else in the country, and in downsizing some of the efforts that the department was responsible for, it was one of the very difficult decisions we had to make. I know that the Premier and the Minister of Finance (Mr. Manness) and the Minister of Health (Mr. Orchard) in Saskatchewan must have agonized long and hard over the closure of 52 hospitals in that province. Very difficult decisions, but, of course, they have perhaps more pressing problems than we do. So, again, there is not any joy in making these decisions, but it was a program that did not exist anywhere else, that students will have to access other programs through education and make their decisions accordingly.

Mr. Martindale: The minister has repeatedly said that the student social allowances program does not exist in other provinces, as if that is some sort of rationale for eliminating it in Manitoba. If no other province has it, then it is unique to Manitoba. It was unique, not anymore. Why would you want to sink to the lowest common denominator and make yourselves the same as every other province when you have a good program?

I presume the student social allowances program was a good program. It was very much appreciated by the students. We certainly heard that when talking to the students. They are very distraught that the program is being eliminated and do not

know what is in the future for them. The minister has repeatedly said that some of them can go home. Many of them said they could not go home, because they came from abusive families. So I would still like to know what the rationale was, because I do not buy some of the rationales that this minister has given, particularly the one that it does not exist in other provinces.

Mr. Gilleshammer: I may be able to find a quotation here that is apropos from Roy Romanow, and it is about deficits and debt and government's ability to sustain programs. This is what we are talking about—the ability of government to sustain programs. He said: For a New Democrat who is used to being in government when the economy is expanding and who is used to redistributing wealth, the change to creating wealth and to taking back concessions given to people in better times is so darn difficult.

We are faced with somewhat of the same situation, that as government and we look at our debt and our deficit, there are programs that we cannot sustain and, unfortunately, this was one of them.

Mrs. Sharon Carstairs (Leader of the Second Opposition): Mr. Acting Deputy Chairperson, can the minister tell us just what program analysis and assessment was done by this department this year?

The Acting Deputy Chairperson (Mr. McAlpine): Excuse me, could you pull your mike up, please.

Mrs. Carstairs: Can the minister tell us what program analysis and assessment was done by this department this year?

Mr. Gilleshammer: Earlier this evening, I read into the record some of the Activity Identification associated with Policy and Planning and it is in the record. I might just be a little more specific with a couple of other initiatives and one of the things we did was to co-ordinate the drafting of a new vulnerable persons living with a mental disability act and a tremendous amount of time has been spent on that particular piece of legislation. We co-ordinated some departmental legislative proposals where we have consequential amendments to various acts, provided support for the creation of the International Year of the Family Secretariat, prepared environmental assessment and departmental overview for strategic planning.

Again, one of the points I mentioned earlier, this particular branch is very much involved with the

cost-sharing arrangements with the federal government under CAP and VRDP. As well, the branch works on co-ordinating and preparing briefing material for use at the Estimates process that we are now participating in. I might just as an aside want to wish the member a happy birthday.

Mrs. Carstairs: Well, thank you, but I was not asking about the policy research and analysis, nor was I asking about federal-provincial cost sharing. I was specifically asking about that section, and it is reported in your annual report on program analysis and evaluation. I want to know which programs were evaluated, which programs were assessed in the year 1992-93.

Mr. Gilleshammer: Mr. Acting Deputy Chairperson, there was some detailed analysis of the Human Resource Opportunity Program and the Human Resource Opportunity Centres as well as the Employability Enhancement Programs.

Mrs. Carstairs: Surely the assessment of employability indicated that there was a direct relationship between the educational level of those seeking employment and their actual success in job search.

Mr. Gilleshammer: Yes, a higher level of education and higher skill levels usually puts those individuals in a better position to move into the world of work.

Mrs. Carstairs: By having done that particular type of evaluation with regard to employability and recognizing that there was a direct correlation between employability and level of education skill, why did this government choose to cut student social allowances?

Mr. Gilleshammer: Well, one of the things that we did in recent weeks was to move all of the training programs under the umbrella of the Department of Education. That meant moving about \$12 million worth of programming from Family Services and other programming from the Department of Labour so that that particular department, the Department of Education, could focus on job training, on education, and on the specific training that is required by individuals to access employment.

The Department of Education now offers or is responsible for the full continuum of programming that exists in government, whether it is at the high school level or whether it is at the community college level and as well is responsible for the programming that was formerly in this department.

Mrs. Carstairs: Well, this is not Education Estimates, but it is clear from a detailed analysis of the Education budget that in fact these areas have been cut. So presumably, no new dollars went from the Department of Family Services into the Department of Education with this letting loose, if you will, of some responsibility.

(Mr. Deputy Chairperson in the Chair)

* (2040)

Mr. Gilleshammer: We transferred within that budget that I have referenced approximately 150 staff to Education, which were responsible for the Gateway program, the HROCs and HROPs, the single-parent job access, and the youth programs that were part of Family Services, so those have all been transferred to the Department of Education. That includes the contract staff that were part of this function as well.

Mrs. Carstairs: Can the minister put a dollar value then on the cost of transferring these kinds of staff to the Department of Education?

Mr. Gilleshammer: The transfer to the Department of Education was not a relocation of them, so there was not a cost to that. They have been reassigned to the Department of Education.

Mrs. Carstairs: Well, then, why does it not show a decrease of 150 staff years in your budget?

Mr. Gilleshammer: Mr. Deputy Chairperson, we transferred some \$15 million to Education and Training that was part of this department last year. I am told that the staffing does not show up on here, but that we did transfer some 150 staff years.

The 150 staff refers to staff years, refers to a number of contracted staff as well, but that function, that budget has been transferred to Education.

Mrs. Carstairs: If you look at Chart 7 of your Detailed Estimates, it shows that you had a staff of 1621 in 1992-93; for '93-94, you have 1602, which is a staff-year deduction of 19. What has happened to the other 131 people?

Mr. Gilleshammer: What page are you on?

Mrs. Carstairs: Family Services Five-Year Staffing History, Total Department, page 89.

Mr. Gilleshammer: I am told that the staffing has been retroactively adjusted. The staffing levels for previous years have been retroactively adjusted, but those transfers have taken place.

Mrs. Carstairs: Well, if the staff years have taken place, where is the \$50 million? You say you have transferred it to Education. Your budget shows a 4.5 percent increase. If you have also lost another \$50 million, would that not show—

Mr. Gilleshammer: \$15 million.

Mrs. Carstairs: \$15 million. Would that not show an increase in your budget of even more than 4.5 percent?

Mr. Gilleshammer: If I can refer you to page 53 of the budget book, the printed Estimates, the bottom of the page shows a transfer of functions to Education and Training of \$15,512,300. That money is taken out of our department for this year and also is taken out of the spending Estimates for last year, for 1992-93, to show a more accurate comparison between this year's budget and last year's budget.

Mrs. Carstairs: Then, when I look at Schedule 3, page 8, and I see \$628 million, and I see \$657 million for this year, I am to presume that \$15 million has been taken out of both \$628 million and \$657 million?

Mr. Gilleshammer: That is correct.

Mrs. Carstairs: It will be interesting to now look at the Department of Education and find out where this wonderful \$15 million has appeared.

In terms of the student social allowances program, if, in fact, there has been some record, some analysis done with regard to employability, what impact do this government and this minister believe there will be as a result of denying 1,200 students the ability to go to school in terms of their employability?

Mr. Gilleshammer: As I have indicated earlier to the critic of the NDP, there are a number of options that students who are currently in the program will have to make. Some of them will be graduating; some will seek part-time employment and attend school part-time; some will seek full-time employment and attend school at night or by correspondence; some will rely on family support to continue their education; others will explore mature-student status for post-secondary programs; some will take the GED high school equivalency test.

So I readily admit that this is a program that is going to be eliminated. The 1,100 students who are currently in the program will fall into a number of

categories, but as I just indicated to the critic from the first opposition party, it is a program that we felt we could no longer sustain, given the budgetary pressures that we have at this time.

Mrs. Carstairs: Can the minister tell me what analysis was done of those 1,100 and where they had come from? Had they been previously employed? Had they been previously on social assistance? What is the demographics of that group of 1,100?

Mr. Gilleshammer: The profile of that group of 1,100 students is that the vast majority of them are between the ages of 18 and 24 years of age. About 70 percent of them, I believe, are currently in the city of Winnipeg. Pardon me, about 78 percent of the caseload is here in Winnipeg. Ninety percent of that caseload is single. Again, about 80 percent of that caseload is between 18 and 24 years of age. Ten percent are between 25 and 29 years of age, and 10 percent is over 30 years. Approximately 400 or 35 percent of that caseload is individuals who are living with parents or relatives. So there is a wide spectrum that this covers. Some of them have been in the workforce. Some of them are fairly recent dropouts out of the school system. I think that gives you some flavour for the cross section of the people that we are dealing with.

* (2050)

Mrs. Carstairs: Well, what it did not give me was their status at the time that they were accepted into student social allowance. Were they on social assistance? Were they working? Were they allowed to, for example, leave a job and go on student social assistance? Were they unemployed? There must have been some reason for their acceptance into the student social allowance program. What was that reason or reasons?

Mr. Gilleshammer: The guidelines for accepting them are that they have no other source of income, that they have a good educational plan that is acceptable to the program, that they are prepared to make a commitment to pursue their education. Because most of them, if not all of them, have left education prematurely, some of those reasons reappear, and we do have a dropout rate in that program during the course of the school year.

At one time, I think at the beginning of September, there were something like 1,500 or 1,600 who

enrolled, and at the present time, it is down under 1,100.

Mrs. Carstairs: If the minister knows that approximately 400 dropped out of the program, can he tell us what happened to those 400? Did they go into the employment market, or did they in fact go on the regular social assistance?

Mr. Gilleshammer: A variety of things have happened to them. Some of them have found part-time work; some have found full-time work; some have moved out of province; some have gone on full-time social allowance.

Mrs. Carstairs: What is the percentage of those who have gone on full-time social allowance?

Mr. Gilleshammer: We do not have a number for you here tonight. Most of them would be accessing municipal social allowances, and that would be information we would have to get from the city. We do have some information, and perhaps I can bring something back for the member.

Mrs. Carstairs: What is the projection of this minister of those numbers increasing in social assistance as a result of this program having been cut, in other words, not this specific 1,100, but the 1,100 that would have been considered eligible come September? Where will those 1,100 be next year? How many of them, according to this department's analysis, will move just from social allowance to social assistance?

Mr. Gilleshammer: Again, as I had indicated to the other critic, in many cases, those decisions have not been made yet, until they come to the end of their school year. We are anticipating that some of them will achieve part-time employment and continue their education at night. Some of them will find full-time employment; some will rely on family support. Some will do the high school equivalency.

I expect, of that 1,100, some of them will access for a period of time the municipal social assistance, but to give any accuracy to projections we have about what their intentions will be and what they actually do come September is difficult to say.

Mrs. Carstairs: I specifically said I was not addressing the 1,100 who have been in the program this year. Every year, presumably, you found 1,100 to 1,500 young people, primarily between the ages of 18 and 24, who had no other source of income, and you put them into this program. There is no indication that I have, with employment rates, that you will not have the same 1,100 to 1,500 young

people, 80 percent between the ages of 18 and 24, who will have no other source of income, who will have to turn to social assistance. So, when you did your projections for how your budget would have to increase in social assistance, how many of these young people did you budget for?

Mr. Gilleshammer: The 1,100 or 1,500 that would have accessed the program next year would include part of the group that is currently in the program, because they are not going to finish their programming all in the same year. Our social allowance budget is available on demand, and we make projections within that budget to try and accommodate what the projected demand is, both at the provincial level and the municipal level.

At the municipal level, it is nearly impossible to say how many of these are going to fall into that category, but we do know that our provincial component has been increasing at about 2 percent or 3 percent a year. At the municipal level, we have factored in an increase in municipal allowance for next year of about 9 percent to 10 percent.

Mrs. Carstairs: I find it difficult to believe that the department, in formulating a budget on social assistance, knowing that they are cutting 1,100 people from a program, have not budgeted for a certain percentage, if not all of those people, to have moved into their figures for social assistance.

Mr. Gilleshammer: The reason for that is, all of them are not going to be on social assistance. Some will be in the world of work, some will be working part time and going to school part time. We have made projections about what the caseload growth at the municipal level is going to be, and we have increased our income security in that area by about 10 percent.

Mrs. Carstairs: So you are anticipating that many of these young people will turn to municipal assistance.

Mr. Gilleshammer: No, that is not the only source of clients that the municipal rolls have. We have other people who access the municipal program who are new to perhaps the city of Winnipeg, from northern Manitoba or from out of province. We have others who are currently here who have lost employment for whatever reason. We have some who will have their UIC terminate, and it is possible that some from this particular group will also be accessing assistance as well.

Mrs. Carstairs: Can the minister tell this committee what cost differentiation there is between a young person collecting student social allowance and that same young person going on either municipal or provincial assistance?

Mr. Gilleshammer: The cost per individual case is essentially the same for a single person who is accessing the system, but if they are on student social allowance historically they have stayed on the system longer.

* (2100)

Mrs. Carstairs: Mr. Deputy Chairperson, can the minister tell me what analysis was done of those parents receiving subsidies and being charged \$1 a day, an increase now to \$2.40 a day? How many of those were actually paying that dollar a day to the child-care centre?

Mr. Gilleshammer: That is information that is lodged in the daycare centre. Some centres charged the dollar a day. Some centres did not charge the dollar a day. Some centres made individual provision for some of their clients. They had the ability to charge that dollar a day. Some centres did, some did not and some centres did both.

Mrs. Carstairs: Well, the information that I have from many of the child-care centres was that they technically charged the dollar a day, but many of the people could not pay the dollar a day. It was not that they would not have taken it if they could have got it. It simply was not in the capacity of those individuals to pay the dollar a day. Does this minister have no figures whatsoever on that capacity to pay, and if he did not under what basis did he increase it to \$2.40 a day?

Mr. Gilleshammer: The individual decision to charge the dollar a day or not charge the dollar a day or charge it to some people and not to others was made within that centre.

(Mr. Jack Reimer, Acting Deputy Chairperson, in the Chair)

The board and the administration of that centre made the decision about what charges they were going to pass on to the parent, and they did so in consultation with that parent. That is information that all the centres did not share with the department.

Mrs. Carstairs: Did the minister, through his policy analysis section of this department, not seek out that

information before he increased it by, what, 150 percent?

Mr. Gilleshammer: Well, it is information that some centres share with us and some centres do not share regarding their individual budgets. We know that with the additional cost the centres are basically following the same strategy. They have the ability to levy that if they wish. In some cases they choose not to do it, and in some cases they make individual arrangements with that particular family.

Mrs. Carstairs: Were there no calls, contacts made by this department which has the role to establish a policy for this government to investigate whether there was any capacity on the part of parents receiving subsidies to pay a 150 percent increase?

Mr. Gilleshammer: We meet regularly with the daycare groups that represent the centres, that represent the private sector and that represent the home-based daycare, and deal with a variety of issues and certainly we talk about the funding that they receive. We have been fully subsidizing for spaces to the tune of \$17.40. We have dropped that subsidy down to \$16 and allowed the centre to make a decision if they are going to charge that through to the parent or not. It was felt that this was a minimal amount of money that most centres could pass on to the subsidized clients, many of them paying a partial subsidy. Again, it was a way of preserving the system where we have almost 19,000 spaces and over half of those currently subsidized.

Mrs. Carstairs: The minister says it is a minimal amount of money, but how did he make that decision? I mean, if there was no contact specifically with the child-care givers to find out how many of their people simply could not pay, how did he make the decision that it was a minimal amount of money?

I have child-care centres phoning me who tell me that they are going to have to give up some of these children simply because they have families with two children, that they cannot pay an additional \$4.80 a day per child. They simply do not have the money.

Mr. Gilleshammer: Well, the member misunderstood my answer then. I said that we meet regularly with the child-care givers. That is the MCCA, the Family Day Care Association and also the private centres. We talk about a range of

issues, a lot of it to do with funding. So we have regular contact with them, and they have quarterly meetings with the MCCA and my senior staff.

I have met with any and all of those groups as often as they have wanted to meet. I have indicated to the member that certainly we have talked about rates; we have talked about the budgets that centres and homes and the private centres have. We have talked about all of these funding issues.

It was the judgment of the department that we could levy an additional cost or, if you want to put it another way, flow a lesser amount of subsidy to those fully subsidized people and also the partially subsidized ones to maintain the amount of money that we have in the system at this time and allow for the continuance of over 19,000 spaces, and have lowered the subsidized children in care from 10,000 to 9,600.

Mrs. Carstairs: I do not dispute that the minister has met with these groups but the minister, just a few minutes ago on the record, said that no analysis was done by his department to indicate whether or not those that would be asked to pay this additional \$1.40, that their capacity was ever analyzed.

So how can a decision be made without even undertaking a brief analysis to find out from child-care centres how many people can pay the dollar a day, how many are not paying because they simply cannot afford to pay, and what the implication is going to be on them of being asked to pay \$2.40? Surely, that is the function of this Policy branch.

Mr. Gilleshammer: I was responding to the fact that the member said that we have not met with and discussed financial arrangements with the child care—

Point of Order

Mrs. Carstairs: A point of order. There is no way that I put on the record that this minister had not met with these groups—no way.

The Acting Deputy Chairperson (Mr. Reimer): The member did not have a point of order. It was clearly a dispute over the fact.

Mr. Gilleshammer: I am indicating, in our meetings with the child-care givers that the member referenced, we have talked about funding, we have talked about the daily cost of care, we have talked about the subsidies that flow to the families who access daycare. After having discussions with that

community, after having met with departmental staff and having arrived at the stage where we are making decisions on how we can maintain the system, maintain the number of spaces that are currently licensed and maintain a reasonable subsidy level, one of the ways of reducing our costs from being overspent in the last budget was to, first of all, freeze new spaces and, secondly, to put a cap on the subsidies at 9,600.

We realize that this may well present some transitional problems to the centres, but we felt that \$1.40 was a minimal amount for a family to contribute in addition to what they were contributing before. I can assure the member that a lot of work went into this prior to the decision being made.

* (2110)

Ms. Becky Barrett (Wellington): Mr. Acting Deputy Chairperson, I would like to revert back to the student social allowances for a couple of questions, if I may.

The minister stated that two of the elements that needed to go into an individual being able to access the student social allowances program were that they had no other source of income and they had an education plan. Also, it seems as though, if you had about 1,500 students at the beginning of the year and now just under 1,100 finishing up the year, for a program in this department, in this division, this is a very low dropout rate, comparatively speaking. So it would appear to me that the students who made use of the student social allowances program were, in a sense—to use a phrase that I probably should not use—the cream of the crop. They are the people who are the most committed, who are the most motivated, who have obviously a connection to the program, given the dropout rate.

Given all of those kinds of things, it would appear to me that this is a very successful program. I am wondering what the cost-benefit analysis, if there was one done, given the fact that there is no difference in a year's support for an individual on the student social allowances program as related to a year's support on social assistance. If these are as motivated individuals as it would appear that they have been, why would a program that seems to be so successful be eliminated?

Mr. Gilleshammer: Mr. Acting Deputy Chairperson, I think we have covered this ground before. It is one of the very tough decisions, which your Leader has referenced on a number of

occasions, that governments have to make when we are in a situation of declining revenues, increasing deficits and a high debt load.

The program, as I have indicated, is one that did not exist anywhere else in Canada, one that, at a time when we are making very difficult decisions, we made the decision to cut in, I suppose, an affluent world where income to government was exceeding inflation by three or four times, where there was not a high debt load, where the deficit was nonexistent.

That would have been a different environment, and perhaps an environment where a program like this could have been maintained. The fact of the matter is that we had to make very, very difficult decisions. This was one of them.

I have indicated there are a number of options for these students, that some of them will continue their education on a part-time basis, some will be graduating. For those who cease their education and find employment, they will pursue that path.

If they cannot find employment then they may well be accessing municipal social allowances for a period of time. But at the same time, they will be looking for work or the municipalities also have the ability to write into their by-laws a by-law such that they may permit, on a part-time basis, students to be pursuing their education.

Ms. Barrett: The minister has stated at least three times this evening and several times in earlier discussions in the House and elsewhere about these options that these individuals have.

Theoretically perhaps they are options for people, but in reality, given the unemployment rate for the 18- to 24-year-old age group in our province, given the fact that many of these people—although the minister did not give us a figure, and I would like to ask what the percentage is—many of these individuals on student social allowance have children.

Given the fact that for those people on student social assistance, or the children who are now going to have to try and find a job, they are not going to be able to access subsidized daycare spaces because those subsidized daycare spaces are, according to the minister's own statements in the House, going to have a wait list attached to them; given the fact that the jobs that we have in this province, we are losing the high-paying jobs and we are getting the lower-paying jobs; and given the fact that these students do not even have the basic educational

qualifications if they do not complete this program to be able to access whatever jobs there are available, how can the minister state to the House and to the people of Manitoba, and most particularly to those 1,100 students, that they have options?

When the minister says to those students on the front steps of the Legislature that they can do what he did which was stay at home and work part time while he got his university degree, I would suggest to the minister that for those 1,100 students, that is really living in technicolor. They do not have those options available to them. Obviously they do not have those options available to them or they would not have been able to access the program in the first place.

How he can say that this is anything other than a punitive measure instituted on the backs of these individuals is beyond me, particularly when the costs to the system are marginal at best, seeing as how the number of these students who will be going on social allowance is probably going to be very extreme? It is going to be a very high percentage because those other options are just not real for these people.

(Mr. Deputy Chairperson in the Chair)

So there is very little cost benefit in that context. Taking a little longer view, if these students actually do graduate and get their high school diploma or they get their university degree, they are much less likely to have to access the social assistance system either immediately or in their future. Therefore the cost-benefit analysis, even on a two-year, long-term strategy is very beneficial towards keeping this program in place.

I just do not understand the minister's rationale. I would like to just put on record the fact that the options he references are not available to these individuals.

Mr. Gilleshammer: Much of what the member said just now I reject, and I would tell you that I was not giving that advice on the steps of the Legislature. I was asked a very specific question. [interjection] No, that is not correct. The member I think was there and does not have a good recollection of it. Somebody asked me what I did when I was a student, and I told them. I was not giving anybody advice. But I can tell you that if the governments, during the 1970s and 1980s, had not spent far in excess of revenue coming into government in those years, there would be much more latitude today to

sustain programming and to create new programming than we have.

We simply are now having to pay for what happened in the 1970s and 1980s, and it is a long time since this province had a balanced budget. We are severely impacted by the debt load, as I have indicated, and by the deficit. That is no different than most other governments across this country.

I am sure Bob Rae does not want to lay off 4,500 Hydro workers, but they are doing it. He does not want to send 12,000 out of the workforce who are civil servants, but they have to do it. These are the tough decisions. Roy Romanow did not want to close 52 hospitals, but because of the deficit we no longer have that ability to create new programming and we do not have the ability to sustain the programming that we had during the '70s and '80s. That is why these tough decisions are being made.

The member, I think, has to come to grips with that to understand why tough decisions are being made. She shakes her head, and I am sure she is a proponent of that school that says, do not worry about the debt, do not worry about the deficit. This is a rich country. We can spend more money and tax more.

I can tell you that Manitobans are taxed to the hilt, and we are putting so much of our expenditures now to pay for past expenditures. The fourth largest department in government now is the Department of Finance as they pay for that long-term debt.

* (2120)

The member says that there are no options. That is not true. Those people who are accessing this program do have options, options which they will exercise. I point out to her that 90 percent of them on this caseload are single. I mentioned that before and I mention it again because she refuted that 90 percent of these people are single. [interjection]

The member said, a lot of these students had children. That is not true. [interjection] Well, the member was not asking, she was making a statement. And they have options; they can seek part-time employment and continue school part time. Many, many people have done that, and that is an option.

They can seek full-time employment and attend night school. That is an option. Some of them will return to family and rely on family resources as they continue their education, so do not tell us in this committee that they have no options. They

certainly do. I grant you that their options may not be as widespread as other people who have more affluent means, but there are options, and they will make those decisions.

But, again, this is a program that only existed because these people wanted to be students and they had no other income. They have options—options that students in other provinces explore. To give definitive answers on what they will do at this time is impossible, but they have a number of options, and they will exercise them.

Ms. Barrett: I will not belabour this point anymore except to make a comment that the government is preparing, according to notes that I have just taken, that the minister stated earlier this evening, that there will be a 9 to 10 percent increase in the provincial government's support to municipalities for social assistance payments and either a 2 to 3 percent increase, and maybe even more this year, in the government's own provincial social assistance rates.

Now, that is an enormous admission of failure of this government, it seems to me, to recognize the fact that in order for these increases to be decreased, there needs to be programs, like the student social allowances, which allow people the opportunity to get out of that cycle instead of continuing to perpetuate it.

I am suggesting that hard economics could very easily lead one to believe that a program like this is beneficial and should be maintained so that there can be a reduction as early as next year in at least the increase in student social allowances payments, if not an actual decrease in the numbers.

Mr. Gilleshammer: If you think this government is admitting failure, I would say to you that we are recognizing the reality that exists, that there is unemployment.

Manitoba has the third-lowest number of citizens on social allowances. So if you think that you can criticize the provincial government, there are provinces that are in much, much worse situations. We have about 7.4 percent of our citizens on social allowances; in Ontario, that is approaching 12 percent. I take no glee in this, but other provinces are facing the same results of some restructuring of a recession, of the fact that there is high unemployment. Manitoba fares relatively well, virtually tied with Alberta for the second lowest number of citizens accessing social allowances.

But what the member is saying is that we should not recognize that reality, we should not budget for the fact that in this coming budget year we expect there will be some increase in the number of people on social allowances. I just met with a colleague from British Columbia who is saying their system is on the verge of collapse because of the number of people accessing social allowances in B.C. and the cost to that province. So this is not a phenomenon that solely exists in the province of Manitoba. It is a situation that exists worldwide and Manitoba has virtually the second lowest number of citizens accessing social allowances.

Mr. Martindale: Mr. Deputy Chairperson, I noticed that when the minister answered a question about what kinds of activities the Policy and Planning did that he mentioned the International Year of the Family Secretariat. It is my understanding that 1994 is the International Year of the Family. Is that correct?

Mr. Gilleshammer: That is correct.

Mr. Martindale: Is it also correct that two staff years have been assigned to work on the International Year of the Family?

Mr. Gilleshammer: Two people have been assigned from our department to work on that.

Mr. Martindale: And one of those people is a former member of your political staff?

Mr. Gilleshammer: That is correct.

Mr. Martindale: Are there plans to add any more staff?

Mr. Gilleshammer: We may be doing that.

Mr. Martindale: Could the minister tell us if Policy and Planning did any analysis or made any recommendations about the International Year of Indigenous People which I believe is this year?

Mr. Gilleshammer: We did not within this department. I am not sure whether other departments perhaps did that work.

Mr. Martindale: Okay, well, I guess we will have to ask in Northern Affairs and Native Affairs the same questions.

I have a letter, copies of which I would like to distribute to members on the committee. I think it is easier to have the questions answered if the minister can see the letter. It is not addressed to him, but I am really wanting to concentrate on the contents, not on the fact that it is addressed to a minister who is here tonight. It has to do with your

department and single mothers transitioning off social allowances. I hope there is a copy for the Minister responsible for the Status of Women (Mrs. Mitchelson).

In this letter it refers to the Single-Parent Families Report of 1990 and revisions to the social allowance program to eliminate program-generated barriers to training and long-time employment. I guess my first question has to do with the first paragraph on page two. Has there been a change to assistance in the year after they gain employment by continuing health benefits, et cetera?

Mr. Gilleshammer: Well, we announced that certain categories of clients would be able to retain their health card for up to a year as they transition into the world of work.

Mr. Martindale: The recommendation apparently was that former clients be allowed to maintain social allowance benefits until their wage equals the Statistics Canada poverty line. I believe that is a quote from the Single-Parent Families Report. Has there been any analysis of, say, the cost of a system if single parents did that? What is the position of the minister on that recommendation?

Mr. Gilleshammer: We think we have made a major step by allowing the clients, whether they are single parents or the disabled, to maintain that card for up to a year with certain income thresholds. But, if the member is asking that we allow recipients to maintain that health card for as long as they wish, or until their salary reaches a certain stage, that is a step further than we have indicated in our announcement on this particular initiative.

* (2130)

Mr. Martindale: I would like to refer the minister to the second last paragraph which says: The department's interpretation could lead to the following. One young mother leaves social allowance for employment and keeps her health benefits for a year; another single mother leaves social allowance for training and lives for six months on less money than the first mother while being denied health benefits. I am certain you would not regard this as fair or just.

Is there a difference between leaving social allowance for employment and leaving social allowance for training in terms of benefits that former recipients are allowed to keep?

Mr. Gilleshammer: Many of the single mothers that took training maintained their social allowance

while they were taking that training, whether it was in the COPE program or the single-parent job training, so while they retained their social allowances, they also retained their health card. What is new here is that the individuals who are leaving social allowances to go to work, and who normally would have lost their health card when they accessed that job, now have the ability to keep that card for up to a year.

It is an initiative that other provinces are looking at. I think B.C. is very interested and asked some questions on this. It is too early for us to have any data of how successful this is, but certainly from Policy and Planning and from the community, from the department, there was a feeling that there were people who were offered employment or could access employment who were making the decision not to take that employment because they were going to lose their health card. As a result, we think that this is very positive move. In fact, it has been not only hailed by ministers from other provinces, but I think generally well accepted here in Manitoba.

Mr. Martindale: For clarification then, if recipients go to work, they can keep their health card for one year. If they take training, some continue to keep their health card, and some do not. Perhaps the minister could clarify the training for me.

Mr. Gilleshammer: If the training was part of the programming that was formerly offered within the Department of Family Services and that training was part of the programs I referenced, they continue to be on social allowances and they continue to have their health card. This program is targeted to the single mothers who are on the provincial system and to the disabled who are on the provincial system who have an opportunity to access work. To encourage them to move in that direction, we have allowed them to keep that card up to a year or up to a certain wage level, and we hope that this will be an incentive for more of those clients to enter into the world of work.

Mr. Martindale: I guess that brings us to the fundamental point that the author of this letter, Linda Taylor, the program manager of Resources for Adolescent Parents at Children's Home, was trying to make, and that is, she implies that it is not fair or just that social assistance recipients going to work can keep their health card but not all of those who are entering training can. So I guess my question for the minister is, why can all single mothers

receiving social assistance for training not keep the health card or not be eligible for the same benefit?

Mr. Gilleshammer: What the member is asking us to do is expand the use of this concept that recipients as they leave social allowances maintain their health card. Now the member must know that there is a cost to this, and from the luxury of opposition it is easy to ask for the expansion of programming and the expansion of costs. We are targeting this at the moment to two groups of people. It is an experiment that we hope is going to work. We need some time to analyze that data, and perhaps a year from now you could ask the Minister of Family Services how successful that has been. She, I am sure, will be able to provide you with the statistics at that time.

Mr. Martindale: Could the minister tell us how much has been budgeted or if an analysis has been done on a projected cost of allowing former recipients who go to work to keep their health card?

Mr. Gilleshammer: We do not have that information this evening. Perhaps, if we could come back and have you ask that question when we are under that portion of the budget, I could give you an answer. I will attempt to bring it back next day.

Mr. Deputy Chairperson: Item 1.(5) Policy and Planning (a) Salaries \$762,000—pass; (b) Other Expenditures \$329,100—pass.

1.(6) Internal Audit (a) Salaries \$251,400.

Mr. Martindale: Mr. Deputy Chairperson, under Expected Results, it says: "The review of all major programs, functions and systems over an audit cycle of five years." I wonder if the minister could tell us which programs have been audited in the past year.

Mr. Gilleshammer: If I could just come back to that in a minute while we are getting some of that data, I do have the information on the extension of Social Allowances Health Services benefits. We are anticipating about 500 of our long-term cases will benefit from this initiative, and the estimated cost is \$300,000.

The question that the member is asking, what specific branches or programs have been audited during 1992-93? Scheduled and completed are the following eight: Residential Care Licensing branch, social allowances program directorate, Children's Special Services, Special Employment Programs, Westman regional office, Selkirk social allowances program district office, Winnipeg South social

allowances program district office, and the Family Dispute Services. Scheduled and in process are two: the Information Systems branch and the Community Living Program.

There are a couple of others that are being looked at at the present time.

Mr. Martindale: Could the minister tell us what a program audit consists of? What sort of evaluation is carried out that is included in a program audit?

Mr. Gilleshammer: Under Activity Identification they undertake audit reviews and assessments in the areas of, first of all: "the design, development, implementation and operation of financial, managerial and operational systems, policies and practices, processes and controls including computer-based systems."

Have you already got that?

An Honourable Member: Yes, we can read this.

Mr. Gilleshammer: The Activity Identification covers it.

Mr. Martindale: Could the minister tell us if there is any particular reason for doing an audit of social assistance offices or income security offices by region. I think the minister referred to Selkirk and Winnipeg South and other areas.

Mr. Gilleshammer: The audits are done office by office to see that they are complying with the legislation, with the procedures that are in place. As a result, a number of offices are done on an annual basis to see that they are consistently applying the regulations in that particular office.

Mr. Martindale: Are the results of the audits used for internal purposes only, or are recommendations made to the minister about proposed changes resulting from the audit?

* (2140)

Mr. Gilleshammer: They are primarily used internally to improve efficiency and effectiveness.

Mr. Martindale: Were any of the list of items read into the record by the minister of the kind under the Activity Identification, special reviews? The second last Activity Identification which says, "Conducts special management-directed reviews encompassing a wide range of issues . . ."

Mr. Gilleshammer: All of the ones that I read into the record earlier were regularly scheduled audits. There were two that were directed by management. One was the management of client personal funds,

and the second was a specific agency review on a specific issue at Ikwe.

Mr. Martindale: Is the minister able to share any of that information with committee, or is it considered confidential?

Mr. Gilleshammer: Are you referring to all of these?

Mr. Martindale: I am referring to the two that you just mentioned.

Mr. Gilleshammer: I am told that these are viewed as internal procedures.

Mr. Martindale: Could I ask—not could I, will I? I will ask. Was there a reason why management directed an audit of the use of client personal funds? Was there something that triggered that audit, and if so, could the minister tell us what it was?

Mr. Gilleshammer: Mr. Deputy Chairperson, we are participants on this committee, along with staff from Justice, from Health and the Public Trustee's office, to establish programs and policies and practices in regard to trust accounts. It is primarily related to adults under the Community Living portion of our department.

Mr. Martindale: Could the minister tell us what the reason was for an audit of the Family Dispute section?

Mr. Gilleshammer: That was part of the regularly scheduled audits that take place on a five-year rotational basis.

Mr. Martindale: Were there any recommendations coming out of the audit of Family Disputes?

Mr. Gilleshammer: I indicated earlier that this was an internal audit to improve efficiency and effectiveness within that branch of the department. I am told, on a regular basis, there will be recommendations coming forward on all of these audits.

Mr. Martindale: I presume the recommendations are to the minister?

Mr. Gilleshammer: No, these are recommendations to the managers who can make changes within the programs to make them more effective and more efficient.

Mr. Martindale: Can the minister share any of these recommendations with the committee?

Mr. Gilleshammer: Well, the recommendations will cover a broad spectrum of activities that the department is involved in. I suppose it is an

opportunity for one area of the department to learn from the practices and procedures of another area of the department, and the recommendations that are brought forward at the management level can be shared with those offices.

In many cases, the offices reference—the programs referenced provide a broad cross section of work, but that same work is being done in other areas of the province, in other offices, in other regions. If there are practices there that have proven to be feasible or proven to be beneficial, they can be perhaps emulated somewhere else, but it does provide a level of assurance about departmental operations: the adequacy of systems and procedures; the comprehensiveness of policies and operating guidelines; the reliability and adequacy of management information; the protection of public funds and public assets; the extent of compliance with legislative, central agency and departmental directions. So these program audits have a wide variety of information that they can bring forward.

Mr. Martindale: Mr. Deputy Chairperson, I think I am almost finished this page. One what I hope is a final question—I noticed that the total subappropriation has declined year over year by approximately 33 percent. I hope my calculations are correct, or would \$90,000 be more accurate? But a question based on that: Does the department plan to carry out the same number and quality of audits with fewer staff? Obviously the number of staff years is down, which according to the footnote reflects the workforce adjustments.

* (2150)

Mr. Gilleshammer: The level of and number of audits will continue based on the availability of time. There is a workforce readjustment that is taking place, and we may have to change in part the cycle on which we do these audits but by and large are comfortable that the internal audits will take place.

Mr. Deputy Chairperson: 1.(6) Internal Audit (a) Salaries \$251,400—pass; (b) Other Expenditures \$24,900—pass.

1.(7) Agency Relations Bureau (a) Salaries \$201,100.

Mr. Martindale: Mr. Deputy Chairperson, could the minister tell us if under Activity Identification, which says, establishes purchase of service principles, if contracts with external agencies are what is part of purchase of service, is that the same thing,

contracts between your department and external agencies and purchase of service?

Mr. Gilleshammer: Yes, this is referring to the funding and service agreements that we have negotiated and are negotiating with a number of groups.

Mr. Martindale: I would like to use as an example the Manitoba Foster Family Association because, along with correspondence to yourself, they sent copies of their correspondence to the opposition critics, and they sent us a copy of their contract with your department.

My understanding is that they spent a considerable amount of time negotiating this contract. It is dated January 11, 1993, the draft that I was sent. It is called the Memorandum of Agreement. My understanding is that they negotiated this in good faith, and as far as I know, your department negotiated this in good faith. Then very suddenly, at the last minute, they no longer have a Memorandum of Agreement; they no longer have funding with your department.

So I would like to ask the minister if this is the only agreement that was not entered into or whether this was the same experience with other external agencies, that they negotiated in good faith service contracts or Memorandums of Agreement with your department and also if your department negotiated in good faith agreements with them only to find at the end of the day that there was no agreement.

Mr. Gilleshammer: Mr. Deputy Chairperson, we have negotiated a number of these agreements with organizations where we are the major funder. Certainly in reference to the Manitoba Foster Family Association, there were discussions at the officials level on service and funding agreement. The member is correct, that decisions which were made in the budget went beyond the service and funding agreement and, as a result of budget decisions, we of course terminated any discussions.

Mr. Martindale: The minister has repeatedly said during Estimates that the Estimates procedure for his department is a very long procedure and that it starts in the early fall and takes quite a few months to complete.

If that is the case, because I think the minister implies that many of those decisions were made early in the game, but the notification of the agencies came very, very late in the budget process, why, as a minister and as a government, could you not have

said to those agencies, we have to reduce our deficit and you should make other plans and give them time to find alternative sources of funding, whether it is fees that they assess on their own members or whatever method it is rather than going through a long and protracted process of negotiations, apparently in good faith, and then abrogating the agreement or at least not signing it, not going through with it, giving organizations like the Manitoba Foster Family Association very short notice in order to make other arrangements.

The result has been in a number of cases that organizations have had to lay off their entire staff. This has caused great turmoil for these organizations, which have boards, but their boards are volunteers working very hard on their behalf and they are left with a crisis situation to make alternative arrangements. Why could you not have done it some other way?

Mr. Gilleshammer: Well, the member is not being fair and honest when he says that I have implied that decisions were made early in the fall. I responded to a question that the member raised last week when he said that decisions were made at the last moment, and I said in fact that discussions on the budget started last August, and that is correct.

Now, if the member has inferred from that that decisions were made last August, he is wrong. We did not conduct negotiations and discussions with groups during the fall months and the winter months knowing all that time that a decision had been made. Those decisions on the budget are made in the weeks and perhaps a number of weeks prior to the budget being finalized. Until those budget decisions are final, the department carries on business as usual.

So let not the member mix an answer I gave to a question the other day about when the process starts with the inference that he has taken that decisions were made at that time, that the department is on a budget cycle the same as other departments. I am sure that most departments, once the summer is finished, into August and September, will actively begin discussions internally on the budget for the next fiscal year. We have signed these agreements with a number of groups that we are involved with, and we still have some that are pending, but, yes, the negotiations were in good faith but the decisions that were made on the budget were taken after those negotiations and discussions at the officials level were going on.

So I certainly want to clarify in the member's mind that these discussions by officials from our department and officials from the Foster Family Association were taking place prior to final decisions being made within the Department of Family Services and within this budget.

Mr. Martindale: Shall we call it ten o'clock?

Mr. Deputy Chairperson: Is it the will of the committee to call it ten o'clock?

Mr. Gilleshammer: Do you want to pass this line first? Do you want to go till 12 tonight?

Mr. Deputy Chairperson: Is it the will of the committee to call it ten o'clock?

Some Honourable Members: Yes.

Mr. Deputy Chairperson: The hour being ten o'clock, committee rise.

HIGHWAYS AND TRANSPORTATION

Madam Chairperson (Louise Dacquay): Order, please. Will the Committee of Supply please come to order. Would the minister's staff please enter the Chamber. We are continuing to deal with the Estimates for the Department of Highways and Transportation. We are on page 91 in the main budget.

Item 5. Transportation Policy and Research.

Hon. Albert Driedger (Minister of Highways and Transportation): Madam Chairperson, first of all, I would like to take the opportunity to introduce Don Norquay, who is the chairman of the Motor Transport Board and also the chairman of the Manitoba Taxicab Board.

The member was raising various questions before, and part of the difficulty that I had was because he was jumping between the owner-operator concerns and the load broker concerns. So I would like to sort of maybe set the record straight before we get to any further discussions on it. Under the owner-operator concerns that he raised, he was, in my view, sort of all over the map trying to confuse the two, and I want to clarify that at this stage.

Madam Chairperson, I had the privilege of making a presentation to the NTA review committee at the time when they were here in the city and addressed both the issues of the owner-operators as well as the load brokers' concerns. At that time, under the broker concerns, with a certain amount of preamble, our recommendation was that the commission

should review the issue to consider the merits of establishing a uniform transport broker regulation, which included basically mandatory registration of load brokers, required contributions to an industry claims fund or bonding, payment trust requirements, liability for proper administration of trust accounts, record keeping requirements, disclosure of records of a transaction to the parties and powers to cancel registrations for breaches of requirement. Those were the recommendations that we made under the load broker category.

Under the owner-operators' area, I just want to maybe read from things that I presented to the NTA committee at that time, saying that pressures are mounting to introduce measures to ensure that authorized carriers behave in a financially responsible manner towards their contracted owner-operators in the current regulatory environment. The commission should examine this problem to determine the need for introducing regulations to correct this problem, including licensing owner-operators as independent contractors with the ability to operate as subcontractors for any number of carriers, the authority being issued on proof of fitness, including business ability and safety components, and that the federal government would ensure the reciprocal recognition by all jurisdictions of a contractor's operating authority from any jurisdiction to provide uniform application of the policy as well as flexibility and administrative simplicity, and that the model standards developed by the CCMTA task force be prescribed at federal regulation for all extraprovincial trucking undertakings.

I want to come back to the owner-operator aspect of it now. The member raised the fact the report said—from the CCMTA, an agreed-on recommendation came forward. However, when the ministers met at that time, there were different political views on the matter, and the ultimate decision was that every jurisdiction would decide as to whether they wanted to individually implement some of the recommendations. What has happened, it appeared that at that time maybe Ontario, Quebec, British Columbia and Saskatchewan would probably legislate the standards. The information that we have to date is that Quebec is the only one that has moved ahead on this thing.

Our concern, by and large, was that if we moved ahead and were the leaders in this direction, it would disadvantage some of our carriers. As a result, by

taking the lead in this thing, we could probably jeopardize the fact that we are the exporter of transportation services, that we consider ourselves a transportation hub, and that it could jeopardize some of our carriers and possibly lead to the fact that they might consider moving to other provinces. So what I said before we adjourned is that we are looking at this and reviewing it to see exactly what is taking place. Once we have a better feel for what is taking place, we would then take and move forward on some of the legislative aspects of it. We are not prepared to do this at this time because we feel we do not want to disadvantage our carriers in terms of coming forward with the lead legislation when we feel that it is very important to our carriers that we take and give the indication that we are supportive and working with them to try and maintain the transportation hub aspect of it and the export of transportation services to the rest of the country. So I wanted to put that on the record.

In terms of the transport broker legislation that was proposed, we have looked at it very carefully, and we have some concern that—well, not a concern really; the problem that we have is that, by and large, through the Motor Transport Board, we have received virtually no complaints in this area. It is not a major problem for us here, and it is for that reason that we are sort of just sitting back and not doing anything with it. So I hope that clarifies to some degree to the critic the concerns that he raised in terms of why we were not moving forward on the recommendations of the CCMTA that came forward to the ministers, because there was no unity among the provinces. We want to have uniform standards applied whether it is the owner-operators or whether it is the transport brokers. We do not want to take the lead in this thing if we are going to take and jeopardize some part of the industry for Manitoba.

Mr. Daryl Reid (Transcona): The minister indicates that he wants to have unity with respect to these two issues—[interjection] National unity. I stand corrected for that one word. In that sense, then, what position do this minister and his government take or occupy with respect to the other jurisdictions in Canada? Do you find that you are onside on most of these issues with most jurisdictions, or do you find yourself being offside with respect to these issues with respect to other jurisdictions? What is the viewpoint and the policy of this government with respect to that?

Mr. Driedger: Madam Chairperson, I want to, first of all, try to differentiate between the two aspects of it, whether it was the owner-operators' or the transport brokers' end of it.

The member will specify which area he wants to address. If he wants to address it on a general basis, we will cover the waterfront, but I think I would like to be more specific as to whether he is talking the owner-operators or whether he is talking the transport brokers' end of it.

Mr. Reid: Okay, we can do both, but we will do them separately. We will start off with the owner-operators. I would like to know the minister's—the policy of his government and his working nucleus or his group that he says he has to decide on these issues, because it appears to be done by consensus internally in the department. What position have they taken with respect to the owner-operators' concerns that have been raised with this government with respect to the way they are dealt with by the carriers, and other concerns that they might have?

Some of the concerns were dealt with in the report here. Now, is this minister onside with other jurisdictions in Canada with respect to the owner-operators, and do we have a consensus, a general agreement or understanding amongst the other jurisdictions, or are we so divergent in our opinions that we will never agree with other jurisdictions?

* (2010)

Mr. Driedger: At the ministers' level, at that meeting, there was not agreement between the various provinces, so the decision was made that those who regarded it as a problem would proceed with legislation.

Certain provinces indicated that they might proceed. To date, we know of only Quebec that has proceeded with legislation, and it is for that reason that we basically said, hey, we are going to wait and see, because we do not want to take and disadvantage our carriers by bringing this forward, and then take that chance that our carriers might feel disadvantaged and want to take their headquarters somewhere else.

So we are protective in terms of the position that we have. I said before that seven out of 11 national carriers are headquartered in Manitoba. I think it is six, because I think there have been some changes taking place again. But we feel protective in terms

of making sure that we do not disadvantage our carriers against the other provinces, because Alberta has already indicated, I believe, that they are not prepared to take and move ahead with any of the legislation.

So by doing this, what we do is create an unfair disadvantage for our carriers, and that is why we are sort of taking it and reviewing it. As I said before we adjourned, we are looking at this, we are studying it. The member was critical, saying, well, why have you not implemented it? Well, this is one of the reasons why we have not implemented it.

Mr. Reid: Well, I thank the minister for finally being forthright to the questions that I had, concerns I had raised before the supper hour, because it is now clear that the minister is concerned about the positions that the carriers have brought forward, or had brought to the minister's attention, and that he is not concerned one small, minute amount, even about the people who are employed within these industries. I am talking particularly here, the owner-operators.

So I have to say that I am very disappointed that the minister would take that type of position and not want to strike some kind of a balance that would represent the interests of both parties, both the carriers and the owner-operators who are employed in this industry. I hope that the minister, when we get into further debate on this, will explain to me why he would only defend the position in the interests of the carriers and would not want to look at some kind of a balance in this.

Mr. Driedger: The member is totally wrong because I just indicated the position that we have put forward to the NTA Review Commission where we said that there should be a national perspective on it, and they have accepted that recommendation. In their report that they have done, they accepted our recommendations and said that a national system should be established, instead of having each province do it individually.

So let the member not say that I have ignored that. We have put our position forward very strongly and I am defensive of that, but I am not going to start being the lead minister or the lead province in terms of implementing legislation that could be detrimental to our carriers and to our owner-operators if we do that. So I feel very comfortable in the position that we have right now.

Mr. Reid: Maybe the minister can explain, and I will put this question to him again as I did before the supper break. What part of this recommendation is detrimental to the carriers' operations?

Mr. Driedger: Madam Chairperson, I wish the member would have listened to my remarks initially where I said, if we were the lead province in terms of implementing that when we consider ourselves an exporter of transportation services, if we are going to disadvantage our carriers by taking the lead in bringing in tough legislation, and the other provinces do not do that, what is to keep them from packing up and saying, well, if that is how you want to treat us we will move to a different province, when Alberta has already indicated that they will not take and bring forward legislation and jobs?

Mr. Reid: Always get the jobs in—a very important commodity for this province. We wanted to make sure that we retain them in this province. I am glad that the minister mentioned the word "jobs."

Can the minister give me an indication then, because he says if we implement these recommendations of this task force for both the load-broker and the owner-operator segments, how many of the pieces of equipment that these carriers are operating are actually registered and licensed in the Province of Manitoba that he is so afraid of losing?

Mr. Driedger: It is not just the equipment. It is the jobs. It is the headquarters, the head offices. I mean, it is very flexible, we are talking national carriers. If we disadvantage them, what is to keep them from picking up and moving their headquarters to Alberta if they feel there is an advantage to doing it?

My concern and our concern and his concern should be that we basically try and keep our carriers happy, at the same time, trying to address the concerns of the owner-operators so that—

An Honourable Member: We are not, though, we are not.

Mr. Driedger: Yes, we are. I told the member, our recommendation to the NTA was basically that there should be a uniform system, a national system, instead of each province doing it individually. That is not acceptable. I will tell you something, if all the other provinces are going to do it, we would be right there with them. We are prepared to deal with it in that vein. So let him not try and give the impression

that we are not concerned about our owner-operators.

Mr. Reid: The reason I raised the issue about the equipment—and I know there are jobs attached to what we are talking about here as well. It is the most important component. [interjection]

The minister says there is a headquarters. I am sure he is aware, as his staff probably is, that these firms have operations in other provinces. One has to wonder sometimes whether or not they are only operating headquarters here in name only and the basis for their operation maybe actually headquartered in another jurisdiction already.

Mr. Driedger: Madam Chairperson, I reject that totally out of hand, because that is a very false assumption. I mean, they were located here in Manitoba for many years for the simple reason that it was centrally located. There were advantages for them to do that and operate out of here instead of trying to operate out of Newfoundland or B.C. It makes sense to operate out of here.

What we are trying to do is just be as fair and reasonable as possible in terms of making them feel comfortable here. It is for that reason as well why, under the budgetary process, or the budget that was presented, there is provision there saying that we will freeze the wages, that there is not going to be an increase that is going to affect the truckers, just to make them feel more comfortable here, because I think it is vitally important that we have the jobs here in this province. I will fight for jobs in this province anytime.

Just a further piece of information that I would like to put on the record is, Madam Chairperson, in Canada, in the for-hire trucking there are 118,000 jobs country-wide and we have 5,900 of them in Manitoba. We have 5 percent of the jobs that are for hire under the owner-operator system. It is for that reason why we are going to be a little cautious and not jump in, as the member is recommending that we charge full speed ahead in terms of bringing in legislation, if we are going to jeopardize any part of our industry.

Mr. Reid: Can the minister give me some kind of an indication then, because he says he does not want to be a leader and he wants to wait for other jurisdictions to come forward with their legislation first and, in acting upon these recommendations, when would we anticipate and how many provinces would have to be enacting legislation before we

would decide to move forward to enact the recommendations of these two reports?

Mr. Driedger: Madam Chairperson, what my recommendations were to the NTA Review Commission at that time were that there should be a national acceptance or a national standard developed and that was our recommendation. They are making the same recommendations. They have accepted our recommendation in bringing that forward. The member says, how many will it take? We say that there should be a national standard established and then everybody should implement the same one. If we start having provinces each implementing their own legislation individually in various categories it puts everybody at a disadvantage. We have operated on the principle that there should be national standards. We have worked at that through CCMTA and at the ministers level we have continually worked at trying to establish a national standard.

Mr. Reid: Has the minister received any indication from the NTA that they are intent upon acting upon these recommendations to bring forward a national standard?

Mr. Driedger: Madam Chairperson, could I ask the member to please repeat. I did not follow the question totally.

Mr. Reid: Has the minister had any discussion with the NTA or any of his staff had discussion with the NTA, and have they received any kind of indication that would show that the NTA is going to move forward on these recommendations to do as the minister calls for to have a national standard adopted?

* (2020)

Mr. Driedger: The NTA went out and had their hearings. We made our presentation to them. In their recommendations they have accepted our recommendations as part of what they feel should happen. My understanding is that it has now been referred to a standing committee that is now going to take further representations. Based on that, we will again make a presentation to them reinforcing the position and congratulating them on accepting the other position that we put forward.

I think we are premature in terms of saying what have they said. The committee has referred it to a standing committee that is now going to proceed further with this, and I understand that this has to happen by the end of June. We will be putting our

provincial position forward to the standing committee again, reinforcing our position on that and hopefully that will come to resolve that we are going to have a national perspective instead of having each province do a knee-jerk reaction and feel that they want to take and move in the direction as they will be lobbied on.

I think that our position from the Manitoba perspective is a sound one in terms of not charging forward and seeing whether this review that is taking place, the standing committee, once they get through with that and make recommendations to the federal minister, that this might be an issue that we can deal with in September when the next council ministers meeting takes place.

Mr. Reid: If I understand the minister correctly then, it is going to be a significant period of time before we see any movement in any kind of direction on this issue and, in that interim period of time, however long it may be, the owner-operators, the 5,000-plus of them who are operating in this province trying to eke out a living, are going to continue to work under the same standards and the same system that they have had to live under for a number of years now.

I know I have raised these concerns with the minister before. They have been brought to my attention, and I hope they have been brought to his attention as well, because we have some good carriers in this province. There is no doubt in my mind, but there are a few who are taking advantage of the owner-operators. I think that there has to be something done to address those concerns. When I say that, I am talking about concerns where owner-operators are gouged for the fuel and equipment and services that they have to buy through the carriers under which they operate, under which they have agreements.

There are problems with the holdbacks. There are problems with Workers Compensation premiums being deducted. There are no itemized statements that these owner-operators receive from their carriers to itemize the deductions or the holdbacks that are taking place on their payments. They have no understanding of what is happening to their salaries, because some of the unscrupulous carriers are taking advantage of them. I think that is why it is important for us to move forward with recommendations on these issues that have been addressed. We had Mr. Norquay represent us and the concerns we had from this province, and I think—

Mr. Driedger: Capably so.

Mr. Reid: Very capably so. He is a very capable individual, as a lot of the minister's staff are but, if we do not address these concerns and we are going to continue to allow these 5,000 people and their families to be taken advantage of, that is the concern I have. How do I go back and tell these people now, well, the minister says, we are not going to worry about you right now, because you are insignificant, we ought to worry about the carriers?

How am I going to take that back and tell these people?

Mr. Driedger: Madam Chairperson, that is a totally irresponsible statement for the member to make, and I will repeat again, when we put forward our recommendations to the National Transportation Act review committee, we said in the presentation, where there should be national standards, we said, the standards include obligations for carriers and owner-operators to set out in a written contract their agreement on essential matters such as the contract term, compensation, legitimate deductions, et cetera, rights to disclosure of essential documents that funds held back from owner-operators shall be held in trust, that owner-operators may purchase their inputs, fuel, et cetera, from sources of their choice consistent with the independent contractor status. These are the positions we put forward.

He says, well, what am I going to go back and tell them. Tell them that these are the conditions that we put forward to the National Transportation Act review committee and that is what we are insisting should happen on a national scale instead of having each province do it individually.

I mean, we are going round the horn on this thing. I think I have put the position of the province very clear. We have major concerns for our owner-operators and are going to work in that direction.

Mr. Reid: All right. I will yield some ground to the minister on this then. If he requires a period of time to implement the major recommendations with respect to these two reports by the task force and he is waiting for other jurisdictions to implement that or the NTA to take a role in that process—

Mr. Driedger: The NTA.

Mr. Reid: Yes.

Mr. Driedger: I want that the national standard.

Mr. Reid: Yes, I understand what the minister is saying when he said he wants a national standard. I have no problem with that.

Is there any possibility then to assist in the interim as a minority measure that can be taken where we can come forward with some kind of a regulation dealing with the way statements are issued to the owner-operators who are working for carriers so that these statements can be itemized? Something that might be considered by some on that side to be minor in nature is very important to those who are operating as owner-operators out in the industry. Can we take some step like that that will not have serious consequences for the carriers but, at the same time, will be a good gesture and a good position to take for this minister to show some confidence in the owner-operators and the carriers to work together there?

It is a gesture of good faith. That is what I am asking for here. Is there any way that we can implement some kind of a regulation that will call for that type of a reporting system?

Mr. Driedger: By doing that, we still run the same risk that we could take and have our carriers go to operators outside of this province. So we are sensitive in that direction. I mean, it all boils down to the basics of what I said, that if we do this, any movement that we make aside from other provinces could jeopardize our carriers to take and get out-of-province operators to come and work for them, so we have to be sensitive in terms of how we do this. The member is saying, well, do something in the interim. If we do that, I mean, it is the same thing. Then we might as well move forward with the legislation and jeopardize it.

I refuse to take and jeopardize the position of our carriers in terms of giving them an advantage or a reason to look at different locations and options where they feel there is an advantage for them.

Mr. Reid: I think the minister is being a little bit paranoid on this request that I have put to him. I do not see how a simple request that the minister could put forward through by way of regulation if necessary, or by legislation, which I do not think it would require—I think regulation could be the proper route, although his department people would be the experts on that—why we could not, something as simple as asking the carriers to itemize statements for the owner-operators. It is not a financial problem that I can see, or is there something hidden here that

I am not aware of that the minister does not want to bring out into the open? Is there something untoward about this whole process that the minister wants to keep hidden to protect certain people?

Mr. Driedger: The member can skate around this thing whichever way he wants. I have put the position of my department and the government forward in terms of why we are doing this. If we were going to start implementing certain regulations to address some of these things, then we would not need legislation, would we?

I mean, the moment we move in that direction, then we jeopardize the position, and that takes away from the edge or the position that we have put forward to the NTA Review Commission by stating that there should be a national standard applied. Then everybody would feel comfortable. The moment we start moving in this direction, we are right back to, then we might as well bring in the legislation.

An Honourable Member: Not for something that simple.

Mr. Driedger: Yes, it is. The member has a different view, and that is fine, but I will tell you something. I will defend the position that we have put forward in terms of making sure that our transportation industry feels comfortable, at the same time, paying very serious regard for the owner-operators, whom I feel very compassionate with because they are a very important part of our transportation industry.

We are certainly going to continue working together with them to see whether we can resolve this but not at the jeopardy of bringing forward legislation as an isolated province to do that.

Mr. Reid: I think what the minister is doing here is totally ignoring a very simple request, something that will create, from my understanding of the issue, no financial hardship or reporting hardship for the individual carriers or those who own those companies but at the same time will indicate to the owner-operators that he is displaying some good faith to them in meeting one of their requests.

Now, I do not understand what could be more basic or more simple about a request like that, but I am not sure how this minister is going to respond to those who are employed in the industry, for him denying that type of simple request. I mean, this is something that he could have done as a sign of good

faith and now he is totally rejecting that opportunity to show that sign of good faith.

I can tell the minister that I will take that information back to those who are employed in the industry. I do not think that they are going to be very happy with that minister's decision.

* (2030)

Mr. Driedger: Madam Chairperson, I do not get that kind of direction that member is putting on the record here, because I just indicated in my last statement that I am prepared to work very closely with the owner-operators.

But if I bring down regulations that would take and move one of our carriers out there, these same owner-operators are the ones who are going to have to move to a different province if the carriers decide to headquarter somewhere else. So get your head around this thing a little bit, because I would like to think that I am even ahead of the member in terms of the concerns that have been brought forward about owner-operators and the carriers. So I reject the suggestion that he could run back and say and twist it whatever way he wants.

But, ultimately, those owner-operators are going to be coming and talking to my chairman of the Motor Transport Board and to myself, and I will tell him what our position is in terms of trying to protect their jobs and their future.

Mr. Reid: The minister is right, we could probably skate around this issue for a long time, and we will probably--[interjection] Yes, I am quite willing to go all night. In fact, we will go right to the end of the summer if you want, that is of no consequence to me.

Mr. Driedger: I am ready.

Mr. Reid: I am glad you are ready because there is every likelihood that we will be.

Well, I can tell the minister I have had many a long discussion with owner-operators employed in the trucking industry and they have some very serious concerns that they do not think are being met. I am just trying to give the minister an opportunity to save some face, which he is not taking the opportunity to do here. Now, if he does not want to save face that is his decision and he will have to defend it himself, because I am certainly not going to defend him.

Madam Chairperson: Order, please.

Mr. Driedger: I want to just caution the member. He can interpret it whichever way he wants to, but I

am dealing with the same people that he is dealing with and I will tell them they could look at exactly what I have said today. The position that we have put forward on their behalf, I will stand by that and I will defend that in front of the owner-operators any given time. If he wants to slant that or take a different twist in it, I am prepared to meet with him and the owner-operators and discuss it and I will be able to defend my position.

An Honourable Member: I think he got you there. He scored a point on you.

Mr. Reid: Well, it would not be the first time that the minister scored a point on me. This is a marathon for those members opposite who do not realize that yet. This is not just a sprint here. It is the long-term results that will really determine whether or not the minister's decisions and course of direction are correct for the people in this province.

I am not convinced at this time that the decisions that he is making are totally correct and that is one of the reasons why I call and point out those problems with the minister's decisions. But we could skate around that issue for a long time here and I am not really sure that--[interjection] Well, I do not see any written policy.

The minister says he puts it on the table. If he has a written policy to that respect indicating why he has not come forward with this, please put it on the table. I would be more than pleased to read it and distribute it to let those who are employed in the industry have an indication of why the minister is not defending their interests, and is only taking one side of the argument here.

Mr. Driedger: If the member had been listening for the last half hour, he would find out what the position is that we are taking. I put much more store in the people who are sitting around me here, to help give advice in terms of whether we are doing the right thing for the people of Manitoba than the member sitting across here trying to make some political points, and I do not accept that.

So I would hope that he would be forthright with the owner-operators and say exactly what has transpired here in the last half-hour.

Mr. Reid: Okay, I think we have probably said enough words on the owner-operator aspect of it because the minister is not willing to yield at all on that aspect or to show that sign of good faith.

I would like to change the direction of my questioning towards the load brokers now, because

that is the second part of the report. Does that same load-broker situation—and the recommendations that came forward in the final report—why are we not looking at implementing those recommendations? Is it going to have, in the minister's opinion, serious repercussions for the carriers in this province?

Mr. Driedger: Madam Chairperson, I thought I had sort of put that position forward as well, in terms of exactly the position that we put forward to the NTA Review Commission. They accepted our recommendations in that particular case as well.

What we basically said was, if there are problems with the load brokers, there is lack of evidence through the Motor Transport Board and the people that—we have virtually had no complaints about the load brokers.

An Honourable Member: That is nonsense.

Mr. Driedger: The member says that is nonsense. He has maybe listened to one individual—[interjection] We work closely with the trucking industry, not like him where he runs to an individual and gets some opinion and then comes to try and bang heads out here.

We have the Motor Transport Board which, by and large, monitors and knows exactly what is going on in the transportation and trucking industry. We have been a leader in that for many, many years because of the qualifications of the chairman of the Motor Transport Board. We feel there is no justification at this time to move forward with load-brokers' legislation.

We recommended that again there be a national perspective on this thing. Ontario has legislated some requirements, Saskatchewan, Alberta and British Columbia might. Alberta again has indicated they will not do it. So we are going to take and have a review. If it gets to be a problem, if we feel there is a problem developing, then we will deal with it. At the present time there is insufficient evidence to qualify us to move in that direction.

Mr. Reid: I am very disappointed in the minister that he would discount the opinions of the individuals who have come to see me. There have been many owner-operators who have come to see me. He totally discounts the opinions that they have brought forward.

After all, Madam Chairperson, these are only people who work at these jobs six and seven days a week, around the clock if some of them run dual teams. What do they know about the industry that

the minister does not know better? That seems to be the opinion and the position that he is taking here. I do not agree with that position and that opinion.

These recommendations and these examples that I have here, that I hope the minister and his Motor Transport Board would have had examples as well, indicate what is happening with respect to the owner-operators of the province. I am not bringing this up because I do not have hard-copy evidence. I have it right here in my hand right now. If the minister and his department do not have that information, then they are not the department that I thought they were. I thought they would have better resources and better opportunities to have some dialogue with those who are employed in the industry.

Mr. Driedger: I think the member is all over the map again. I think he is talking back to owner-operators again instead of load brokers. He does not know where he is coming from.

I want to tell you one thing, and I want to put it on the record. If there are concerns out there, my office is open and my staff are available anytime to listen to their concerns. The member goes out there, tries to promote some kind of a problem, and then he figures he is going to come up here and raise a big issue with it.

I will tell you something, we have always been receptive to any concerns that they have. If he wants to be consistent in terms of dealing with one issue at a time, under the load brokers we have no evidence to date. In the last year there have been no complaints about that aspect of it. If there are going to be concerns, we have proposals here that we are prepared to deal with, but there has to be some evidence in terms of concerns that come forward from the industry.

Mr. Reid: I beg to differ with the minister. He thinks the issues of the owner-operators and the issues of the load brokers are two separate and distinct issues. I tell him that they are not. They are intertwined. You cannot separate the two of them, because they impact upon one another. The load brokers are taking a portion of their profit and then are taking and transferring those loads to other brokers. You go broker to broker, and then, by the time the owner-operator gets to transport that load, they are hauling it for a fraction of what the total bill was. It is the load brokers that are creating a problem there. So it is having a direct impact upon

the owner-operators who are doing the actual hauling of the goods. That is why the two are intertwined. I thought the minister would understand that and not discount the role that each plays in interaction with the other.

Mr. Driedger: Madam Chairperson, the member thinks that he has the whole industry—he knows what is going on. What happens in a case where an owner-operator hauls for a carrier and he hauls down to Ontario, for example, and unless he has a load back, what he does invariably on his own is contact the load broker, use the name of the carrier to get a load back.

* (2040)

The member says, well, the owner-operators are disadvantaged by the load brokers. It is their choice if they go with the load broker. If they go on hire for a carrier, invariably that is where they will get their loads back. They do not do that. They take and go on their own to a load broker to try and get their loads back in some cases. So there is a difference in there.

We can deal with the load brokers in the one category or we can deal with the owner-operators in terms of things that affect them, but it is by their own choice, very often, that they make the decision to go with the load broker. Very often, for whatever reason—I want to tell the member, and I just told my staff at the supper hour, on April 15, I made my last payment of \$500 which I have paid for four and a half years because my son-in-law happened to be an owner-operator. I paid the penalty and know the consequences of hauling for a carrier and not having loads back and deadheading back, working with load brokers.

So the member is not telling me anything that I do not know about the industry. What I am telling him is, I have concerns about the industry because the transportation trucking industry for Manitoba is very important. I am prepared to listen to the owner-operators and to listen to anybody who wants to come and talk to me in terms of making sure, but what my one position will be, I will be protective of jobs and investment in Manitoba and the trucking industry.

Mr. Reid: Well, I do not see how the minister has been protective of—I believe what he said is—his son-in-law's job in trucking as an owner-operator. I am trying to do things and ask the minister questions concerning owner-operators, something that would

help his son-in-law, and he is taking the opposite position here. I hope his son-in-law becomes aware of this discussion and that there is no support. I do not mean to draw the minister's family into the discussion, but he raised the issue, so I thought it was fair to comment on it as well. I will not spend any more time commenting on family members. I do not think that is proper for us as members of the Legislature to debate that.

I guess we will have to agree to disagree on the position that the minister has taken with respect to owner-operators and load brokers. I hope that he will and his department will give serious consideration somewhere down the road, whether it is after the NTA has made its ruling and we get a common position—and that may not ever happen if what the minister says about Alberta is correct. If Alberta stonewalls this whole process, we may never get anywhere, and we may never see any protection for owner-operators or in the operations as they try to eke out a living.

Can the minister tell me why, in his opinion, we have not seen the road blockages and the blockades by the trucking industry as we have seen in other jurisdictions across this country? Can he give me his impression of why that has not taken place in this province?

Mr. Driedger: Madam Chairperson, without trying to not necessarily flatter myself or the government, but even the previous administration was on the defensive in terms of protecting Manitoba's transportation centre for trucking.

That position was carried on by myself and the government to this day. The fact that we have been concerned and compassionate in terms of trying to deal with the trucking issues at the national level is one of the reasons why I think the trucking industry feels that to demonstrate against us here would be meaningless because, by and large, we have been on the side of the trucking industry when we fought against deregulation.

We have been the leaders in terms of trying to be defensive of the trucking industry, and I believe to some degree I would like to think that that has some bearing as to why the trucking industry has not been boycotting or demonstrating in Manitoba.

Mr. Reid: Because I had already raised this before the supper recess, I have heard that there may be some work stoppages with respect to the trucking industry this coming summer. Whether that comes

to pass or not is another matter. That is just what I have heard from members of the industry.

What plans do we have in place? Do we have any plans in place to deal with the issues that are raised so that we could prevent that from happening in the province of Manitoba which, obviously, if that should come to pass, would have a detrimental impact upon the industries of this province?

Mr. Driedger: Madam Chairperson, first of all, let me tell the member that I do not think that I want to deal in speculation. I would like to think that, if people demonstrate they are unhappy with an issue, if there was an issue that they wanted to take up with this particular government, they can come and visit either the Motor Transport Board or my department. We can have discussions and see because we have continually tried to be on the side of the trucking industry.

If there are issues that they have concerns with at the federal level, we would be prepared to take those issues forward and fight on their behalf. I would like to think that, before they take action of that nature here in Manitoba, we would have a chance to sit and dialogue with them to try and indicate to them the support that we have. We can have discussions on it. I have much too much respect for the trucking industry that they would take and demonstrate here in Manitoba against the government of Manitoba.

If they have an issue that is of a federal nature, we are prepared to talk with them and support them in that position. If there is an issue here that is related to Manitoba, certainly, before they are going to take and have blockages and stoppages, they would come and talk to either my Motor Transport Board, my staff people or myself somewhere along the line to see whether we can deal with those issues.

Mr. Reid: I thank the minister for that. I think it is important that if we have issues that are in the province here, that are under provincial jurisdiction, we would give those who are employed in the industry the opportunity to come forward with their concerns and have them addressed, have remedies applied to address those concerns before the work-stop action would take place.

I hope that there are plans in place, and that the minister, if he has received concerns, which I am pretty well sure he has already, from those who are employed in the industry, that he is going to act on

some of them so that we do not incur the disruption of the flow of transportation services in this province.

Mr. Driedger: Madam Chairperson, when we made our presentation to the NTA review committee, we made it on behalf of the trucking industry. Ironically, the owner-operators did not even make a presentation. We made a presentation on their behalf.

I would like to think that, if there were further concerns that they have somewhere along the line, they would come back and talk to us because it was we who were fighting on their behalf in terms of making these recommendations. They did not make a presentation to the NTA review committee. We did it, presenting the views that we thought they wanted to hear.

I would like to think that before they take any action, if there are any further concerns with the position that the province has taken on their behalf, they would come and talk to us. I feel confident that they will come and see us before they do any actions of that nature.

Mr. Reid: I hope that does come to pass and they do discuss this with the minister prior to any actions.

I will move away from that segment of the Transportation Policy now and will leave that, even though we do not agree on the direction. That happens sometimes when you have people of differing opinions and policies.

There has been a great deal of concern raised over the course of the last two, two and a half years with respect to the airline industry. We have seen many changes. Of course, we see the difficulties our two national flight carriers are encountering. It is an area that probably has no easy solution to it, but I am interested to know any of the decisions that have been made and the positions that have been taken by the government, as they try to hopefully protect the jobs of those that are employed in the airline industry.

Can the minister give me an indication of the number of people that are employed in the province of Manitoba in both of the airlines separately?

Mr. Driedger: Madam Chairperson, I do not want to take away from the ensuing debate about the air industry, which is a very complex and difficult one.

I am wondering if the member, because I have my chairman of the Motor Transport Board here at the

present time, might consider dealing with the Motor Transport Board issues.

If we want to get into the airport industry, I can do that, but I have the chairman here right now, and if he would want to accommodate, maybe deal with Motor Transport Board issues and even taxis if he wants to. If not, then I will bring the chairman back tomorrow again, but I thought because I had him here, if the member wants to pursue that area because I have been very flexible in terms of how we deal with these things. If the member feels receptive to that, I would be prepared to do it. If not, we will continue on with the air questions.

Mr. Reid: Madam Chairperson, I would normally comply with that type of request from the minister, but unfortunately I did not bring my documentation that I need for my questions with me, although I have quite a pile of literature here. I did not bring that up with me from my office, so unfortunately I do not think it would be in my best interests at this time, without those questions that I have available to me.

* (2050)

Mr. Driedger: Madam Chairperson, I would then ask the member, if he has no further questions than that, whether I could excuse the chairman of the Motor Transport Board so he does not have to stay here. If the member feels we are not going to get anywhere into that area, then I can excuse the chairman and he can leave, and we can continue with the air debate.

Mr. Reid: I think that would be in order. My questions are going to be concerning the airline industry and probably towards either the railways or Churchill or both.

Mr. Driedger: Madam Chairperson, then I will excuse my chairman, and we will continue on into the air industry, the difficulties that we have in that one. Maybe I should give a little bit of background to the member before we get into questions and views. I just want to put some information on the record.

For example, in terms of the employment factor, Air Canada in 1992 employed 20,000 employees across Canada. In Manitoba, we have 1,837. Canadian has a Canadian component of 16,351 and we have 379 employees in Manitoba. The changes that have taken place over a period of time—maybe, I could just give the percentages as well. The total is 3,100 people employed in the air industry. We have, as of 1992, 5.3 percent of the people

employed, just to give the members a little bit of background.

The air industry, since open skies, were being moved on by the federal government. We were relatively fortunate, because we put forward strong views on that matter, that they give us a provision in terms of allowing us to have an observer status. We got briefed before every meeting that the open skies committee had, and we got a debriefing after they have had their meetings, which is one of the things that we pushed for was that we had some input and knew what was going on.

In that respect, the federal government has been receptive to giving us provision for that. Rolly Savoie, who is very qualified in the air industry, is the one that has been attending these things on the department's and government's behalf. We are very pleased with his ability and knowledge in that industry. He has been doing a very good job for us, keeping us briefed and giving us direction.

The open skies debates that have taken place came prior to the major problems that developed between the two national carriers that we have in Canada, namely Canadian and Air Canada. Because of the kind of money that both industries were losing, which was megabucks—I mean, it was just a matter of time till either one or both basically went belly-up, I suppose. There was no way that they could continue to sustain those kind of losses. In desperation, they started looking at options.

One of the options was amalgamation between the two, which we feel—the concerns that I had from my department's perspective was that if we allowed the amalgamation to take place it would be a dramatic job loss as you merged the two industries. The other concern we had was the removal of that competitive position by having two carriers out there. It has been a very difficult, tenacious position that we basically had in Manitoba in terms of do we support the amalgamation of the two airlines? Do we support the Air Canada-Continental merger, where Air Canada bought out the bankrupt Continental lines and then Canadian and Air Canada not being able to develop their merger effort? It was made in that direction and then Canadian moved forward to do a merger.

The member probably knows the percentages, exactly what is involved with American Airlines, you know, whether that is the right thing to do. Then you have the Gemini component in there as well. We

have the Gemini employees here, out of—I do not know what the total is—700-some employees, we have I think 171 in Manitoba, and what impact will it have on them.

There have been endless discussions taking place between the top people from both airlines with my colleague from I, T and T, as well as with the Premier (Mr. Filmon). We have also had extensive meetings with my department and people from Canadian and Air Canada as well as Gemini, who came forward and said that if we took up positions supporting the Canadian-American merger that they would be bankrupt.

To clarify for the member, he probably knows that the booking component which American Airlines says on the merger with Canadian I think is less than 25 percent.

I was just trying to get additional information here to the member that the tribunal—ironic, would you believe it after all those hearings finally decided they could not make a decision on this thing? Like, it blows my mind.

Anyway, but the tribunal had indicated in the hearings that in the Gemini case that Gemini would probably be better off under a buy-out option from Canadian-American and could still function because it is only a certain percentage of the component. Gemini, in their lobbying to us, felt that they would have to declare bankruptcy and be broken up and we would lose 171 jobs.

Our position, by and large, we are not sure whether that would necessarily be the case. We feel that they could still continue to operate because they would be losing that booking component only from the American end of it, which I think is just a small percentage. It would possibly be a reduction in jobs.

The position that we continually put forward to both airlines is that, and when we looked at the options, where do we lose the least amount of jobs for Manitoba? That has been sensitive and difficult for us. So as a result, because of the hearings that took place which basically resolved nothing anyway, we did not take an official position on that and so we have been criticized for and against.

Might I may be just be as bold to ask the member: What would he recommend that we do as government? We have been basically playing the observer status and wondering which way it is going to have the least job impact on Manitoba. If he has

some views that he wants to further, if he feels we should have taken a strong position on behalf of the Air Canada-American merger, that would have been the most impact on jobs. There are some bright sides to this thing, because Air Canada with their merger with Continental, I think we already have something like \$5 million worth of contracts that the Continental planes are being serviced here in Winnipeg.

So there are some advantages to it. It is a delicate situation and I have difficulty and so does the government have difficulty in terms of taking a set position as to which is the best advantage for us. I ask for some advice from the member. He says I do not listen to his advice. I am asking now, what would he suggest that we do?

Mr. Reid: Well, the minister has never accepted one piece of advice I have ever given him yet in two and a half years, so I do not know why I would expect the minister, if I gave him some suggestions or helpful advice now, would take my suggestions under consideration and maybe even accept them for a change.

Now he is into a tight spot. He cannot make a decision on which way to go and he wants me to bail him out. That is quite a position for the minister to take. I mean, I have put forward positions and suggestions on Churchill with respect to the railway. I put positions on the table here and have given the minister suggestions with respect to the trucking industry. I have given him information and positions with respect to Churchill.

He has not taken one of my recommendations yet and now he wants me to bail him out of the airline mess that he has got himself into here. Not a chance, Mr. Minister, not a chance am I going to bail you out on this one. You have to tell us what your policy is.

Mr. Driedger: Got you, because until now, when it is easy enough to pick a position, then the member comes up with all kinds of suggestions. In this particular case, he is squirming just as much as anybody else, and he cannot give me any definitive position. He says, oh, I am in trouble on this thing. I am not in trouble. We are being very careful what we are doing with this thing, and he does not know which way to attack this, and when I ask him for advice he is skating like crazy for a change. When he gives some good advice I will listen. When I do

not listen to him it is because he does not give me good advice.

* (2100)

Mr. Reid: I am with you now, Albert.

Mr. Driedger: All right.

Mr. Reid: I do not know, maybe the minister has not seen the position that we have taken on this, because it has been a public release. I am sure if he has the time or the inclination he can avail himself of that information and that position, and I will not belabour raising those points in here.

Mr. Driedger: Put it on the record.

Mr. Reid: They are on the record. They are out in public consumption already. I am sure the minister, if his department does not have them, he can make sure that the staff traces up that information for him.

It was reported at the end of last year when Canadian Airlines was looking for some loan guarantees or some support or some assurances from the various provinces and their employees that they were coming—my understanding—and meeting with the various provincial governments. Did Canadian Airlines representatives come and meet with this government and possibly with this minister to discuss the opportunities for this government to play possibly some role in Canadian Airlines' survival?

Mr. Driedger: Madam Chairperson, yes, they did.

Mr. Reid: What was the position taken by the government at that time with respect to Canadian Airlines' proposal, and what was their proposal to the government?

Mr. Driedger: Madam Chairperson, that is also on the public record as to the position that was taken.

Mr. Reid: Maybe the minister can put it on the record, as he wants all of us to do, put forward his position and the position of Canadian Airlines when they came and met with the government so that we can have an understanding of what that position was.

Mr. Driedger: Madam Chairperson, we could play this game for a while. Basically presentation was made to us in terms of whether the province would participate. Consideration was given to some degree in terms of the pros and cons of it. At the same time the member well knows that Air Canada lobbied very extensively, they had a big demonstration in front of here telling us not to do that. So we have been sort of very cautious

realizing the impact. That is why I put forward the employment stats in the province of Manitoba from both Air Canada and Canadian just so that the member has a bit of a feel for the difficulties in terms of making some decision. [interjection]

I will repeat again because he was not paying attention. Air Canada has 20,000 employees in Canada and we have 1,837 in Manitoba. Canadian has 16,000 employees in Canada and we have 379 in Manitoba. I mean, there was a reason why I put this information on the record, just to illustrate the concerns and problems that we have in terms of making this decision, because we want to make sure that we retain either Air Canada or Canadian, as many employees as we can, including Gemini. So this is why. We would be foolhardy. That is why I asked the member, which way shall we go? Shall we support Air Canada's position? Should we support Canadian's position? We are basically trying to promote the position of the best employment factor and the best economic spin for Manitoba.

Mr. Reid: I cannot fault the minister for wanting to move in that direction to protect every job possible in both of the airlines and in Gemini as well. I think if there was a middle ground or a compromise position that could be struck that would allow that to happen, I think that would be the right direction to go in. What I am trying to determine here is what the minister considers, what his department considers, because he has experts at his disposal to advise him and the government, what position has he been advised by his staff people would be the best direction and the policy to take?

Mr. Driedger: Madam Chairperson, I do not think it is any secret, because we have been promoting the idea that we needed a competitive service here, that we did not have a monopoly in this area.

The concern that has been brought forward, for example, with Air Canada affiliating with Continental or buying out bankrupt Continental and Canadian affiliating with American, a concern that everybody has, employees included and ourselves included, is that we do not lose a component of the industry to the American industry where, for example, they start doing their servicing out there. That is why we are concerned that still the majority component, shareholder component be Canadian so that we do not allow the diminution and movement of services to the Americans. We are very cognizant of that possibility.

It is for that reason also where in the last budget we moved down our tax on aviation fuel from 5 cents to 4.2 cents, which is not an awful lot, but it is an indication at least, because we would like to keep that industry here. I do not know whether members have seen some of the articles that basically came forward after the announcement was made: Tax cut pumps up airport fuel sales. He has probably read that article. If he has not, I will try and get him a copy, because these are the things that we have been trying to deal with when somebody accuses us of favouring the big corporations. We like to have their presence and the jobs here in Manitoba, and that is the reason we are doing those kinds of things.

I think it also helps in terms of, if there was a big differential between our fuel and American fuel over a period of time, that these amalgamations could tend to possibly allow more of the activity to take place where, in our relationship, if this continues, where Canadian and American affiliate, that ultimately they would take and fuel up in the States and come here. So we have to balance that out a little bit. These are all the major problems that we realize.

The member knows as well as I do the concerns that the industry has, that we have in Manitoba and Canadians have, that we do not want to lose our jobs to the Americans when these things take place, and that is the thing that we are trying to safeguard against.

Mr. Reid: If I did not know better, Madam Chairperson, I would almost think there for a minute that the minister was American bashing, something that his colleagues have accused us on this side of the House of doing over the course of the last couple of weeks. It seems different to see the shoe on the other foot now, where the minister is taking that tact.

Can the minister give me an indication, because it had been reported that the Province of Manitoba was requested to play a financial role in the survival of Canadian Airlines, and the figure that was reported, I believe, if my memory serves me correctly, was \$25 million as an investment or a loan guarantee, is that figure accurate? Was that the position that was put forward by representatives of Canadian Airlines?

Mr. Driedger: Madam Chairperson, various proposals were put forward to the Province of Manitoba as well as other provinces. The one thing that I suppose maybe scuttled the initial

discussions, I am talking initial discussions, is because basically Alberta and B.C. are the major benefactors of the Canadian Airlines, and that is why, again, I read the employment factors. We said, well, if there is going to be involvement where we are going to assist the employees in terms of a bailout with American—this was prior to the affiliation with American when we were talking of still maintaining the competitive position with two airlines. The employees were going to take major wage cuts and have a major involvement in there and ask for participation. We said we would be prepared to listen to it.

This was initially. I mean, lots of things have happened that have changed on a daily basis, certainly on a weekly basis in terms of all the various things happening out there. We said we would be receptive to listening, provided that on a comparative employment scale and economic benefits from this that everybody pay the same level.

What happened was that B.C. was the one that by and large was not prepared to take and really play ball, because they—for whatever reason, I should not speculate, whether they had Air Canada whispering in their ear about certain benefits and stuff like that. We would have been irresponsible if we would have taken and come up with even a quarter when we had a small fraction here. I do not have the figures here right now as to what the other provinces by and large the employment factor is but certainly both, I repeat, Alberta and B.C. have a major employment component there.

* (2110)

If they did not feel compelled to take and get involved percentage-wise, then we felt that they obviously did not care. So that is how negotiation started. Then the mergers started coming down.

There has been ongoing dialogue and changes in the format of what is coming down. At the present time what is before us—and that could change again, I suppose, because the tribunal that was listening to it say they cannot really make a decision on it. Who knows what is going to happen now?

Again, I think that we were probably wise by not taking a firm position one way or the other way at this time and see how this thing evolves, because I know that I, T and T, my colleague Mr. Stefanson and the Premier (Mr. Filmon) have been very much involved in this thing in terms of seeing which is the

most beneficial position that Manitoba could ultimately take as this thing unfolds.

Mr. Reid: One almost gets the impression from listening to what the minister just said that we are going to take a wait-and-see attitude to see how this whole thing shakes down and then wherever the chips fall, so be it.

Is that the direction or the approach that we are taking? Is that the policy now?

Mr. Driedger: Madam Chairperson, no, but I was trying to explain to the member that if we would have come down on the side of Air Canada and Canadian folded, we would have had a monopoly. If we would have come down on the side of Canadian at this stage of the game, we have the Gemini factor to consider in terms of the impact on jobs there.

So what do you do? It is a difficult position, and we are only a small player in this thing, but we are selfish for the interests in terms of jobs and the economic impact on the province. That is why we are waiting to see how this thing unfolds a little bit.

From the time that this issue is started, even from the open skies discussion, and then when we found out that both our industries were losing megabucks that ultimately if it kept on, both would be broke. So we basically said, well, hey, you know, where is the best position for us to be in? We have not come down on the side of Canadian. We have not come down on the side of Air Canada.

I can tell the member that the lobbying from both sides has been very, very extensive. Choose us, choose us, you know. We say, we will wait and see how this thing unfolds and see which is the best advantage for Manitoba, for employment and jobs in Manitoba and economic impact.

Mr. Reid: The minister mentioned that we had an individual in the employ of the government who has some experience with the airline industry. I am aware of the individual as well. Was the individual that the minister had representing us—or maybe I should ask the question first, did we have someone representing us at both the NTA hearings and the Competition Tribunal hearings?

Mr. Driedger: Madam Chairperson, we had observer status in both cases and at the last round, we had somebody that was filling in for us and keeping us informed as to what was happening. My individual, basically Rolly Savoie, that I had made reference to before, has been flying all over the country between the open skies hearings and the

hearings regarding Canadian and American. You know, I think he has got heartburn, airburn, from flying up and down. So what we did basically at the last set of hearings, we had somebody that was observing on our behalf and keeping us informed as to what was going on.

Mr. Reid: No doubt the individual, Mr. Savoie, is getting more than his fill of getting back to his roots in the airline industry, maybe more than what he might like to undertake.

The minister indicated that we had another individual since Mr. Savoie was unable to attend all of the hearings. Who sat in in our stead at those hearings in place of Mr. Savoie? Was it someone under a contract basis, or was it another jurisdiction that maybe were advising?

(Mr. Jack Reimer, Acting Chairperson, in the Chair)

Mr. Driedger: Mr. Acting Chairperson, we had a number of sources that were basically keeping us informed on almost a—well, virtually a daily basis, if not hourly basis, as to what was happening. We had contacts in Alberta as well as other people that by and large—there was no contract with anybody. We basically were, I suppose, imposing on our contacts we had in terms of that were involved with that, that kept us apprised of exactly what was going on.

Mr. Reid: I apologize to the minister. I missed the first part of his comments. Some of his colleagues were bantering back and forth, and I did not hear what he said on the first part of his comments. Could he repeat that, what he said for me, please? [interjection]

The Acting Chairperson (Mr. Reimer): I would remind all members that the minister is trying to—[interjection] Order.

Mr. Driedger: Mr. Acting Chairperson, what I was telling the members, we had no contract with anybody. We had a variety of sources that basically kept us informed from Alberta as well as from the airline industry. Everybody is very much aware of it, and we have our contacts that by and large without contract, without pay, kept us informed on a daily and almost hourly basis as to anything that transpired.

Mr. Reid: These people that were advising us, were they competing interest? Did they have something that they might not want to share as far as the information is concerned, that we might have

been better advised to have our own adviser in attendance at those meetings?

Did Mr. Savoie, or the people that were representing us, since the minister has already indicated that we had standing at both the NTA hearings and Competition Tribunal, did we make use of the standing that we had, or did we make any kind of a presentation to either of those two bodies?

Mr. Driedger: Mr. Acting Chairperson, we had information coming to us from Air Canada; we had information coming to us from Canadian, plus sources from the Alberta government, so we thought we have a good cross section of what was happening out there. Whether one was biased or not, I thought that our people were very qualified. We had the confidence in terms of the information that we were getting that it was accurate. Obviously it was, because there has been no controversial information coming down to us that we felt uncomfortable with.

Mr. Reid: The minister did not answer the second part of the question. Did we make any kind of presentation to either of those two hearings to put forward Manitoba's position on either of the issues?

Mr. Driedger: No we did not take a personal position or make any personal presentation to those.

Mr. Reid: Is there a specific reason that we chose not to do that, or is it because we were taking a wait-and-see attitude to what shakes out in the industry, whoever is left standing in the end?

Mr. Driedger: Mr. Acting Chairperson, I thought I spent quite some time clarifying why we were taking the position that we were, because we were doomed if we do and doomed if we do not in terms of whether we choose one airline over the other. We have always believed that there should be a competitive industry out there.

We do not support necessarily a monopolistic industry, and we think that the competitive position would be beneficial in terms of making sure that we have good rates. That is sort of the unofficial position that we have put forward. We will wait to see how this thing evolves somewhere along the line.

Again, coming back to the point that the reason why we have not taken a position is because we are also concerned about the potential, and I say potential, loss of jobs going stateside because of certain advantages that they might have over

providing certain services in Canada. We are very concerned and aware of the potential of that. We are going to continue to monitor it that way.

* (2120)

Mr. Reid: The airlines play a very important role for us in this province. Hopefully, that role will increase in importance in the future. I hope that we will see both flag carriers remain. I have some doubts, at least looking at what is happening so far, that that is going to occur.

Has the department presented the minister with any different scenarios that might come to pass on what it would mean to Manitoba's employment picture in the airline industry if either the Canadian Airlines merges with Air Canada, or American Airlines does indeed take over, what would happen to the jobs that we have in this province, the Canadian Airlines base here, for example? What would happen to that?

Do we have any studies that we have done to determine the impact of any of the different pictures that might develop with respect to the airline industry?

Mr. Driedger: We do not have the specific details in terms of the impact it would have, but the most negative job impact would have been if Canadian and Air Canada had merged.

If you look at the spread of the employees here, that would have probably been the worst-case scenario. Now we have two competing forces here. Just look at the airport. When the member flies, you have the Canadian component, the Air Canada component. When you condense that into one, certainly there was a dramatic impact on jobs if the two of them would merge.

That is one of the major concerns that we had that you develop an uncompetitive monopoly for one carrier plus a tremendous downturn in employment because of the merger. We have major concerns about that. Some people seem to feel that we would have a big dip and then it would start coming back, and ultimately we would get the employment back without having qualifications. So I say that I have some reservations as to whether that would be the route that would really take place when you had a merger between the two.

I personally, and this is not a government position, but I personally feel that the situation with Air Canada and Continental, for example, which is already accruing some benefits to Manitoba, that if

we could work it right that should the merger with Canadian and American go forward, we should look to see whether there are also servicing advantages to the province here. Our location is very beneficial, central location across the province, the time zone element. All these things I think stand us in good stead, and we have to take and push and keep on trying to capitalize on that element of it.

I would like to think that if the merger would go ahead between Canadian and American that we should look at where there are advantages, as we have done with Air Canada and Continental in terms of servicing, and see if there are some advantages that could be accrued for Manitoba.

Mr. Reid: I hope that the reason why the jobs did come to Air Canada here were for the right reason, that we will not see that those jobs disappear once decisions are made with respect to both airlines and that we would lose those jobs. I hope that will not occur. [interjection]

I am sure that if the Minister of Urban Affairs (Mr. Ernst) wants to have the opportunity, I could give him a few moments if he wants to ask some questions of the minister. There may be something that he is aware of, or maybe he wants to raise some issues. I would be pleased to give him the opportunity here.

These are questions that are on my mind here. We have not had the opportunity to question the minister on this. This is an issue that has been happening over the course of the last year since the Estimates took place last, and we have questions with respect to the airline industry.

I mean, we too have had meetings with the employees of various airlines and Gemini as well, and we have heard their concerns—very serious concerns. I admit there is no easy decision on this one. There is no easy call. With that in mind, in a sense I do not envy the minister's position, because there is no black-and-white decision that can be made here. If you go one way or the other you stand to lose.

My concern here is that we could end up losing a lot more if our two carriers merge, or maybe not merge so much in the open sense but behind the scenes in their operations with American carriers or foreign carriers, and we lose the headquarters or the bases that we have here. Maybe in the long term that would be more costly if that direction is pursued. Time will probably tell on that.

The minister has indicated that, I believe, Continental has brought some of their work to Winnipeg through the Air Canada base here, and that repairs to engines will take place here, I believe, if my understanding is correct. Do we know, does Continental have extensive services in the U.S. for the repairs of their equipment? Do they do any offshore, off the North American continent, repairs to any of their equipment? Does it mean that Air Canada would be in a position then to look at merging of their services with Continental and that we possibly could lose some of our repair facilities and job opportunities?

Mr. Driedger: I cannot verify whether Continental is doing any offshore repairs. All I can indicate to the member is that the 727s that Continental has are the ones that are being repaired here in Winnipeg to the tune of a \$5-million contract, which out of all of this confusion and concern that we have, there is a ray of hope somewhere along the line for benefits to the province here. That is again because we are watching this very carefully.

We think we have things to offer here in Manitoba in terms of the aeronautic business, and, hopefully, as this thing evolves, we can take and capitalize on these things. Repeating again the fact, just by reducing the aviation fuel tax from 5 to 4.2 cents already gives an indication that we are receptive to trying to get more jobs and more economic benefits to the province.

We are watching this very carefully, and if there are going to be opportunities where a merger goes ahead with Canadian Air-American, if there is some that we can take advantage of, certainly we were going to prepare to do that. Our position has all the time been, and I repeat again and I have said this many times already, that whichever is the most beneficial in terms of jobs and economic impact for Manitoba is the route we want to take. By jumping into the middle of some of the controversies that take place, we could jeopardize that, and we do not want to do that. We are very careful where we are going.

Again, with my colleague from I, T and T, and his people who are very, very cognizant of what is going on as well, we are monitoring it very closely. Where there are opportunities, we will step in and see whether we can get an advantage for Manitoba. I do not care about being selfish about that.

Mr. Reid: Manitoba has lost its air service to various destinations. The minister raises the fact that in his government's most recent budget they have lowered the fuel tax for aviation fuel by .8 of a cent per litre charge. Have we seen, or do we anticipate seeing, airlines, whether they be Canadian or foreign, stopping over and taking on fuel in this province as a result of that change in the fuel tax?

It was my understanding that airlines coming in from the U.S.—Northwest, in particular, would come in from Minneapolis with full tanks and then take off without refueling here and go back to Minneapolis or to other destinations. Do we see that there are going to be aircraft, whether domestic or foreign, taking on more fuel in this province?

Mr. Driedger: Mr. Acting Chairperson, I have this article here, and I will try and get a copy to the member somewhere within the next day, because I only have this copy here. But just to give an indication of what that did by reducing the aviation fuel tax from 5 to 4.2 cents, Saskatchewan's tax is 7 cents, British Columbia is 5 cents, Alberta is 5 cents, and we are down to 4.2 cents. The eastern provinces are lower, but, because of this decrease we have, this article indicates: "Airlines are expected to buy an extra 43 million litres of aviation fuel this year at the Winnipeg International Airport as a result of Manitoba's decision to lower its aviation fuel tax, according to airport manager Lynn Bishop."

There is a whole article here which basically gives that indication. I think that is a positive thing when you think, even though we have reduced by—because they were overpassing wherever they could, and now it seems to be changing because of that. I mean, everybody is trying to rationalize and economize. This is a very good indication that, by doing that, sometimes you win instead of losing that added revenue. I would send a copy of this over to the member, if he has not got a copy of it anymore. It is from the Winnipeg Free Press, April 16, "Tax cut pumps up airport fuel sales," just so the member has that for his information as well.

* (2130)

Mr. Reid: If the article is correct, and we anticipate that the aircraft will take on greater amounts of fuel here, are there any opportunities and have we made any contact with the airlines to determine whether or not Winnipeg and Manitoba would become a

regular stop more so than what they are now, because we have lost some of our routes? It was not that long ago we lost the Winnipeg-to-Chicago route. Are there any opportunities for us to bring back some of the transatlantic flights here? Has any discussion taken place with the airlines with respect to either of those two issues?

Mr. Driedger: Mr. Acting Chairperson, first of all, the airport manager is lobbying all he can in terms of making everybody aware of it, but let me tell you that the aviation industry is such that the moment something like this happens you do not have to tell them it has happened. They are very much aware of it. They go where they can make a buck. They are very efficient that way. We do not have to go out and hang out a flag. They know exactly what the price is here, and what it is going to cost them, and they now see an advantage of fueling up here, so it is beneficial.

In terms of re-establishing some of the lines that are operating or were cut, by and large, there are ongoing discussions taking place all the time between the air industry in terms of whether it is economically feasible to do it, and that is what it all comes down to. If you run a line or a flight down to Chicago three times a day or three times a week, whatever the case may be, if you are flying half full, ultimately it does not make sense to do that.

This is another thing that I think both Canadian and Air Canada have to address, the duplication of service, flying half empty. I think they are addressing their concerns because of the losses that they are experiencing. They are trying to be more efficient as well. That applies whether it is in the trucking industry, whether it is in the rail industry, or whether it is in the air industry, everybody is rationalizing and trying to be competitive and trying to operate as efficiently as possible.

We have been lobbied by the air industry as well as by the rail industry in terms of dealing with some of the tax situations, and they are the first ones, the moment that announcement comes, they know it. I have to tell the member that I should not address the rail industry. I will talk about that later, but certainly aviation people know what the price is and what their advantages are.

Mr. Reid: I look forward to our debates on the rail industry. It will be interesting to see how the minister answers the questions I am going to pose to him with respect to the employment levels.

On the airline industry and the jobs in this province, has the department done any hard economic studies to determine what role the airline industry plays in this province, what it means to this province from an economic standpoint? The University of Manitoba Transport Institute may have had the opportunity, maybe under contract with the minister's department, to undertake such studies.

Mr. Driedger: Mr. Acting Chairperson, there was a study done a few years ago as to the economic impact of the air industry in Manitoba. I do not have that information here. I will try and get that information for the member over the next period of time. The study was done. I just have to get that information, and I will make it available to the member.

Mr. Reid: I thank the minister for that. The minister indicated it was done in the last few years. Would that information be current then, looking at what is happening with the airline industry now, or would that be dated?

Mr. Driedger: It would be somewhat dated, but I think we will review what the study basically said at that time, compare the employment figures and try to give us an updated view of it, which is about all the member can basically expect, a general impact economically and job-wise of the industry in Manitoba, and I will try and get that information to him.

Mr. Reid: There has been some discussion surrounding the airport and the fact that its 24-hour operation is turning in to be somewhat unique in airports across Canada for major centres. Does the minister anticipate taking any steps through legislation or by other means that may be available to him to protect the 24-hour operation of the Winnipeg airport?

Mr. Driedger: This discussion has been taking place for a number of years, actually. I am always pleased when I end up flying and landing in Winnipeg because we have an airport right downtown, so to speak, which has tremendous advantages. You land in a place like Victoria and it costs you \$40 worth of taxicab to get from the airport to Victoria. So we have a very unique situation here and I think we should be very selfish in terms of retaining that advantage.

There is always that ongoing debate as to the noise levels and stuff of that nature, but I think especially the cargo component, to be able to

operate on a 24-hour-a-day basis is very, very important economically, and that is why the debate has been taking place in terms of airport protection. I am very pleased to say that the Minister of Urban Affairs (Mr. Ernst) and the Minister of Rural Development (Mr. Derkach) is responsible for the planning districts and the Minister of Urban Affairs responsible for the planning with the city, are going to be bringing forward joint legislation for protection of three airports in Manitoba.

Initially, we looked at doing general airport protection legislation. We feel it would not be necessary for most cases, but that we are addressing basically the Winnipeg airport, the St. Andrews airport and the Selkirk airport. These are the three that we feel are the most affected by it and this legislation is going to be coming forward.

Further to that, the member is probably aware that there are efforts being made right now to establish an airport authority in Manitoba or from our airport here. At the present time, Vancouver is already under a local airport authority. I think Calgary and Edmonton also are in that position. I do not know which eastern provinces are, which eastern cities, but certainly, a study was undertaken here which the city and the province participated in in terms of a study that was looking at the feasibility of it.

We are into the second stage now in terms of negotiating to see whether we can, first of all, negotiate a negative lease, because it is not feasibly viable, economically viable, at this stage of the game to proceed with a local airport authority under the present arrangements, so that there should be a negative lease type of arrangement to take and offset some of the shortcomings until the authority, by and large the airport authority, can develop economic activities.

I initially had some mixed thoughts on the matter, but I am very supportive of it because I feel that under the federal jurisdictions, which the airports are run under at the present time—for example, the Winnipeg International Airport—that the federal government is not necessarily that aggressive in terms of looking for new economic spins related to the airport. We think that under a local airport authority, that kind of activity would be enhanced and take place in terms of looking for other revenue sources in terms of whether it is cargo hauling, et cetera. There are other areas that could develop, and so the group that is promoting the airport authority concept out here is very excited and feels

that it can do a much better job than allowing the federal government to continue the way it is.

So these negotiations have taken place. Ultimately, decisions will have to be made in terms of whether we proceed on that basis or not, but I think there is merit in terms of the direction that they are moving and hopefully something will come out of it.

Mr. Reid: Do we feel that there is a sufficient amount of passenger traffic through the airport to justify or even support the movement or the change to an airport authority? From my understanding of the concept, there is going to be a change in the business arrangements where we have a greater participation by merchants in the airport operation itself as well.

Do we see that there will be enough interest or enough support by the business community to support that type of authority?

Mr. Driedger: Because at the present time there has been quite a change in the passenger—you know, there has been a dip in the thing, at the present time it would not necessarily warrant it based on passenger activities. That is why, by and large, the local airport authority is trying to negotiate what they call a negative lease so that there is, the airport authority, when they take over, instead of paying a lease that the federal government would still be paying us the difference between a successful financial economic operation and the losses that would be incurred.

This is part of the process that is taking place right now so that there would not be losses accruing to the local airport authority as they develop the financial concepts in terms of getting the business community involved and expanding the financial activities around there.

* (2140)

Mr. Reid: If I understand the minister correctly, the federal government will still continue to play a role, but a diminished role, over what they would be playing now in support of the airport operations. That would assist them obviously but, at the same time, change the concept of our operations here as well.

Mr. Driedger: That is correct. The other thing is the safety aspect of it is still under federal authority, so that role would still be played by the federal government as well. It is the economic aspect of it that is basically under the local airport authority.

The safety aspect of it is still under federal transportation authority, the safety authority.

The advantage that we have is that we have a number of the airports that already are under their own authority so we can look at what they are doing and gauge comparatively. I think there is some advantage to not being the guinea pig because ours is not one of the bigger airports.

We probably are the first ones looking at negotiating a negative lease arrangement to cover some of the potential losses until the thing is viable. I think there is good strategy involved, and I think there are potentially good benefits for the province in doing this.

Mr. Reid: There is also concern. We had thought there was going to be a courier come and establish here and, of course, bring some job opportunities for us to the province.

Is there ongoing discussion or discussion still taking place to try and bring more of the courier-type business here? As the minister indicated, we have 24-hour operation at the airport. We are centralized on the continent. What development or progress is taking place with respect to bringing new freight or courier traffic to the province?

Mr. Driedger: There are ongoing discussions all the time in terms of expanding their carrier service. In fact, at the beginning of the week, I just looked at—I have not got it here—an article, a fax that was brought forward by Canadian converting some of their—they have an oversupply of certain planes. Instead of just having them sit idle, they have converted them into cargo carriers, carrying big cargo type of things. So that announcement came forward just this week, and Winnipeg is one of the central hubs where it is going to be channeled through. These kinds of discussions are taking place on an ongoing basis. There are many keen people besides just government that are looking at the economic interest and benefits for the province.

Again, the fact that we are a central location on central standard time, centrally located in terms of the activity that goes carrier-wise north-south, east-west, I think these are things that stand us in good stead and that we have to just continue to try and capitalize on them.

Mr. Reid: Have we had—maybe I should ask this question first just to continue along that line of thought. The traffic that CP Air is now using their aircraft or converted their aircraft for, is that

domestic traffic we are talking about here, or are we talking North American traffic that may be going offshore as well?

Mr. Driedger: Mr. Acting Chairperson, it is mostly domestic traffic.

Mr. Reid: I have had some discussions with people that are employed in the airline industry that obviously know it better than I do. They have indicated that the couriers that would fly international traffic like Winnipeg's location as a refuel point before they go overseas to Europe in the sense that if the aircraft comes loaded from American departure points, they would have to stop for refuel before going over the Polar route to Europe. Has that type of business opportunity developed, or is it in progress, where we can encourage American freight shippers or couriers to utilize Winnipeg as a stopover point to refuel on the way and possibly to move some of our traffic as well?

Mr. Driedger: Those discussions have taken place not only with the Americans, but when we had a Russian delegation here, they were looking at the same thing in terms of using this as a route. That is why the reduction in the aviation fuel tax gets to be more obvious all the time. Obviously they would not stop here if there was going to be a big financial disadvantage, but when you start making it more attractive with our aviation fuel tax now being lower than Alberta's, for example, it starts drawing the attention.

This is part of the discussion that is taking place in terms of getting more maximum benefits out of the situation in terms of aviation fuel, being a—what do we call it?—fuel depot, whether it is going south-north—fueling stop even—east-west. We think that there are things that can be addressed in that way that are going to be beneficial to Manitoba.

Mr. Reid: I know the minister has indicated that we expect to see a significant increase in the amount of on-load fuel here, but do we anticipate that there will be increased opportunities as well to go along with that, or are the aircraft just going to stop here, take on the fuel and maybe a few passengers?

Mr. Driedger: Mr. Acting Chairperson, I would hope that those are the things that we are trying to address, both with I, T and T and my department, to see whether there are further advantages that could be gained by the promotion of advantages to come here, that they do not just take fuel. I mean, the idea

is to try and capitalize on every dollar that we can from outside of the province.

Mr. Reid: Is the differential great enough over the long term? Does the minister feel that the differential between the fuel taxes of the various provinces is great enough to encourage the airlines to come here?

Although I do not know for sure, because I do not have that experience or that expertise available to me, do airlines make long-term decisions with respect to the location of their bases of operations and their points of operation? Have the airlines indicated to the minister that they are interested in establishing greater utilization of the facilities in Manitoba now that the tax has decreased?

Mr. Driedger: That is why I undertook to send a copy of this article to the member, because it says in there: "Mr. Bishop said he expects a good chunk of extra fuel will be purchased by Air Canada, the largest fuel purchaser at the WIA.

"But he expects some other domestic and international carriers also will opt to take up more fuel here now that the prices are more competitive."

That whole article, I think, sort of relates to that, and I will send a copy to the member so that he can have a feel for exactly how dramatic maybe this impact could be.

Mr. Reid: There are more questions that I could ask on the airlines right now, but I think we have spent a fair amount of time on that already, even though it is important to us. I thank the minister for his comments on the role that the airlines and the airport are going to play. I hope—and maybe I should ask one last question.

* (2150)

The minister has indicated that his colleagues are going to be bringing forward legislation with respect to the airport authority—or not the authority, but the airport's 24-hour operations. Will we be expecting that legislation this session, or will that come forward in the subsequent or next session?

Mr. Driedger: Yes, Mr. Acting Chairperson, there will be legislation coming forward this session for airport protection for the International Airport, St. Andrews airport and the Selkirk airport. This is basically something that the opposition has been screaming about for the last few years. [interjection]

Mr. Reid: Some of us may joke about this, but it is very serious and very important to us in the

province. We had tried in past sessions where we introduced private members' legislation to protect the 24-hour airport operation. We had looked at the Alberta model of legislation that they have. Will this legislation bring it forward? Maybe the minister does not know this, but I hope he has been consulted on this. Is the legislation anticipated going to be modeled on the Alberta model of airport protection?

Mr. Driedger: Mr. Acting Chairperson, the legislation has not in my jurisdiction to bring forward. The Minister of Urban Affairs (Mr. Ernst) and the Minister of Rural Development (Mr. Derkach), and I tried to explain that before, are the ones that are bringing it forward, whether they have used the Alberta model or not.

My concern was basically to bring forward airport protection legislation. That is coming forward, and I am very pleased though I have no role to play in terms of the legislation itself. The two members are going to bring it forward. How they have modelled it, I do not know, but they have consulted with the city on this matter which is very important. They have also consulted with the municipalities involved. [interjection] They have not consulted?

It has taken a long time to bring it to this stage because initially we were waiting to see whether plan Winnipeg 2000 would be addressing it. Obviously it was not what we basically wanted, and the Minister of Urban Affairs (Mr. Ernst) time and time again said we would allow the city to take and make provisions for protection of the airport in their Plan 2000, and failing that we would bring forward legislation.

Obviously we were not quite satisfied with what the city was doing in that regard. As a result, the two ministers have taken the initiative and developed legislation which will be introduced this session.

Mr. Reid: Well, I hope that the minister's colleagues have consulted with him as well with the municipalities that are impacted, since it will have an impact upon their role and their operations.

I look forward to that legislation when it comes forward. I hope it does protect the airport and has the intended purpose of providing that protection for the operations.

I would like to switch now to talking a bit about the policy with respect to the operations to the Port of Churchill. But before I get to that point, I am not sure

if the minister or his staff are aware but CN Rail has apparently—in competition with CP Rail to build—they have already built and is in operation now just recently, hopper cars, articulated hopper cars for service in the potash industry in Saskatchewan.

Is the minister aware of these cars being constructed and now being in service? Does he have any information that he can provide or share with us?

Mr. Driedger: Mr. Acting Chairperson, let me first of all—I do not know to what extent we can get into the whole Churchill issue today, but when we talk of the articulated hopper car that is being built in Regina, from the time that this came forward we raised a concern with the federal minister, had various discussions with him indicating that, first of all, the concept of the articulated hopper car was developed in Manitoba.

This is where a prototype was built, here in Manitoba. We felt that if there was any construction taking place in that regard, whether it was for potash or, let us say, for the Churchill line which we developed initially here, that it should be constructed in Manitoba. We raised the concerns verbally as well as by written correspondence with the federal minister stating that we felt that we had the copyright on it, we had developed it here and that it should be built here.

However, one of the things among other things that we were not successful in negotiating with the federal government, the prototype hopper car that is being constructed in Regina right now for potash purposes is being constructed in Saskatchewan and not in Manitoba. I am not happy with that. Yet that is what has happened at the present time.

Mr. Reid: It is my understanding that the original articulated hopper car that was constructed here in the Transcona CN shops is still in service. It is still providing the service to the producers of western Canada.

(Madam Chairperson in the Chair)

It is also my understanding—and the minister can correct me if I am wrong; I will not be able to confirm this until at least tomorrow—that CN has constructed another hopper car to serve the potash industry. I guess the concern I have here is, are those cars going to be constructed? It is my understanding there is supposed to be a fleet of cars constructed. Was that second car constructed here? Does that mean that we are going to have the opportunity to

construct a portion of the fleet or all of the fleet of cars should they win, because I understand it is a competition between CN and CP who produces the best car.

Has the minister had any discussions with either CN or CP with respect to construction of those cars?

Mr. Driedger: I do not have information on that issue at the present time. I hope to have some by tomorrow when we further the discussions on that, but if there is something that the member can enlighten us on that we do not know—seemingly he has contacts there, sometimes more so than we have, but I would not necessarily admit that all the time—if he has some information that he feels is pertinent for us to pursue further, we certainly would like to do that.

Mr. Reid: What I will do is I have a release that came out of CN public affairs just the beginning of this month, and I will provide a copy of it for the minister so that he has an idea of what is taking place here. Maybe he can do some research into that, because there is potential here for opportunity, and it is my understanding that it is a contest between CN and CP who makes the best car. No matter who wins, maybe there is some possibility here that we can construct some of those cars in this province, create job opportunities for us in this province in the rail industry. So I will provide a copy of that for the minister, and maybe he can do some research on that.

I was also informed that quite possibly the purpose of this contest, if we can call it that, the so-called winner of that contest would then be given the opportunity to move the potash traffic in those cars that would not be owned, I understand, by either of the railways, but would be owned by the corporation in Saskatchewan. Maybe the minister can do some research into that as well, to see if that is actually the case. It would be interesting if we could have the opportunity since we had built the original hopper car.

I would also be interested to know whether these new cars that are constructed now, whether the new car that is constructed by CN in particular is of similar or same design as the original articulated hopper car that was constructed, because then I think the minister would have a good case to go back at both CN Rail and the federal government to say that the taxpayers of Manitoba had paid for some of the associated costs with that first car and that we

would have a stronger claim towards some of that construction work.

Mr. Driedger: Madam Chairperson, I welcome some of the comments that the member has made in terms of getting us some information, and certainly we are receptive to any information we can get along these lines. On the articulated hopper car, the prototype that was built, to my understanding, it is built along the same lines. Whether we have a copyright on this thing or not is questionable, because they make some modifications and they say, well, it is a new design, but we are looking further into that to see whether there is some case we can make. The only problem is that they apparently have made the decision that this particular prototype or this particular hopper car that they are constructing for the carrying of potash has already left, and how do you then change it at this stage?

You see, it is almost two years ago since they started manufacturing it. We have correspondence where we raised our concerns and—[interjection] Dennis tells me here that CN had the exclusive design rights on that thing and so they decided where they are going with that. If it had been just the federal government, I think our case would have been stronger. With CN, as we do with many other things, we continually debate with them about employment issues, Churchill issues, other issues. So that is an ongoing issue with CN in terms of what they are doing or not doing to Manitoba.

Madam Chairperson: Order, please. The hour being 10 p.m., I understand the honourable member for Transcona (Mr. Reid) wants to ask one quick question. Is that the will of the committee, to continue?

Mr. Reid: I have some information for the minister, Madam Chairperson, not a question.

Just for the minister's information as well, it is my understanding that the new car here that we are talking about is not part of the GE rail car services contract. It is, I think, from my understanding, a separate and distinct construction agreement. That is all I have.

Madam Chairperson: The hour being 10 p.m., committee rise. Call in the Speaker.

IN SESSION

Mr. Speaker: The hour being 10 p.m., this House now adjourns and stands adjourned until 1:30 p.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, April 26, 1993

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