



Third Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

**Official Report
(Hansard)**

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The Honourable Louise M. Dacquay
Speaker*



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Member	Constituency	Political Affiliation
ASHTON, Steve	Thompson	N.D.P.
BARRETT, Becky	Wellington	N.D.P.
CERILLI, Marianne	Radisson	N.D.P.
CHOMIAK, Dave	Kildonan	N.D.P.
CUMMINGS, Glen, Hon.	Ste. Rose	P.C.
DACQUAY, Louise, Hon.	Seine River	P.C.
DERKACH, Leonard, Hon.	Roblin-Russell	P.C.
DEWAR, Gregory	Selkirk	N.D.P.
DOER, Gary	Concordia	N.D.P.
DOWNEY, James, Hon.	Arthur-Virden	P.C.
DRIEDGER, Albert	Steinbach	P.C.
DYCK, Peter	Pembina	P.C.
ENNS, Harry, Hon.	Lakeside	P.C.
ERNST, Jim	Charleswood	P.C.
EVANS, Clif	Interlake	N.D.P.
EVANS, Leonard S.	Brandon East	N.D.P.
FILMON, Gary, Hon.	Tuxedo	P.C.
FINDLAY, Glen, Hon.	Springfield	P.C.
FRIESEN, Jean	Wolseley	N.D.P.
GAUDRY, Neil	St. Boniface	Lib.
GILLESHAMMER, Harold, Hon.	Minnedosa	P.C.
HELWER, Edward	Gimli	P.C.
HICKES, George	Point Douglas	N.D.P.
JENNISSEN, Gerard	Flin Flon	N.D.P.
KOWALSKI, Gary	The Maples	Lib.
LAMOUREUX, Kevin	Inkster	Lib.
LATHLIN, Oscar	The Pas	N.D.P.
LAURENDEAU, Marcel	St. Norbert	P.C.
MACKINTOSH, Gord	St. Johns	N.D.P.
MALOWAY, Jim	Elmwood	N.D.P.
MARTINDALE, Doug	Burrows	N.D.P.
McALPINE, Gerry	Sturgeon Creek	P.C.
McCRAE, James, Hon.	Brandon West	P.C.
McGIFFORD, Diane	Osborne	N.D.P.
McINTOSH, Linda, Hon.	Assiniboia	P.C.
MIHYCHUK, MaryAnn	St. James	N.D.P.
MITCHELSON, Bonnie, Hon.	River East	P.C.
NEWMAN, David, Hon.	Riel	P.C.
PENNER, Jack	Emerson	P.C.
PITURA, Frank, Hon.	Morris	P.C.
PRAZNIK, Darren, Hon.	Lac du Bonnet	P.C.
RADCLIFFE, Mike, Hon.	River Heights	P.C.
REID, Daryl	Transcona	N.D.P.
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STRUTHERS, Stan	Dauphin	N.D.P.
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TOEWS, Vic, Hon.	Rossmere	P.C.
TWEED, Mervin	Turtle Mountain	P.C.
VODREY, Rosemary, Hon.	Fort Garry	P.C.
WOWCHUK, Rosann	Swan River	N.D.P.
Vacant	Portage la Prairie	

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 14, 1997

The House met at 1:30 p.m.

PRAYERS

ROUTINE PROCEEDINGS

PRESENTING REPORTS BY
STANDING AND SPECIAL COMMITTEESStanding Committee on Public Utilities
and Natural Resources
Fourth Report

Mr. Gerry McAlpine (Chairperson of the Standing Committee on Public Utilities and Natural Resources): Madam Speaker, I beg to present the Fourth Report of the Committee on Public Utilities and Natural Resources.

An Honourable Member: Dispense.

Madam Speaker: Dispense.

Your Standing Committee on Public Utilities and Natural Resources presents the following as its Fourth Report.

Your committee met on Friday, October 11, 1996, at 10 a.m. in Room 254 to consider the Annual Reports of the Manitoba Public Insurance Corporation for the years ended October 31, 1994, and February 29, 1996. Your committee also met on Tuesday, May 13, 1997, at 10 a.m. in Room 255 of the Legislative Building to consider the Annual Reports of the Manitoba Public Insurance Corporation for the years ended October 31, 1994, February 29, 1996, and February 28, 1997.

At the May 13, 1997, meeting, your committee elected Mr. McAlpine as its Chairperson and Mr. Rocan as its Vice-Chairperson.

Mr. Jack Zacharias, president and general manager, provided such information as was requested with respect to the Annual Reports and business of the Manitoba Public Insurance Corporation for the

committee meetings on October 11, 1996, and May 13, 1997.

Your committee has considered the Annual Reports of the Manitoba Public Insurance Corporation for the years ended October 31, 1994, and February 29, 1996, and has adopted the same as presented.

Mr. McAlpine: I move, seconded by the honourable member for Gladstone (Mr. Rocan), that the report of the committee be received.

Motion agreed to.

Committee of Supply

Mr. Ben Sveinson (Acting Chairperson of the Committee of Supply): Madam Speaker, the Committee of Supply has adopted certain resolutions, directs me to report the same and asks leave to sit again.

I move, seconded by the honourable member for Sturgeon Creek (Mr. McAlpine), that the report of the committee be received.

Motion agreed to.

MINISTERIAL STATEMENTS

Manitoba HydroBonds

Hon. Eric Stefanson (Minister of Finance): Madam Speaker, I have a ministerial statement for the House.

I would like to take this opportunity to announce that once again Manitobans will have the opportunity to invest in their province when HydroBonds Series VI go on sale on May 26. HydroBonds Series VI will refinance Series IV, which mature in June. HydroBonds Series VI will offer three great ways to save. First, a floating rate bond for a five-year term in which the interest is adjustable and the bonds are redeemable semiannually; second, a three-year fixed rate bond; and third, a five-year discount compound

bond which will be sold at a discount from face value and the purchaser will receive face value at maturity.

Manitobans understand that by funding the generation and supply of Manitoba's hydroelectric power they provide themselves with financial benefits and ensure a successful economic future for Manitoba's most important natural resource. HydroBonds, together with Builder Bonds, have a proven track record raising more than \$2.4 billion for the province and have generated over \$500 million in interest payments exclusively to Manitobans. Today they continue to benefit the province by allowing us to meet more of our refinancing needs right here in Manitoba.

* (1335)

To ensure that all Manitobans have a chance to take advantage of this investment opportunity, the bonds will be issued in denominations as low as \$100. I would also like to take this opportunity to thank Manitobans for the support they have shown through the past contributions and to encourage continued investment in the future of our province. Thank you, Madam Speaker.

Mr. Leonard Evans (Brandon East): Madam Speaker, I thank the Minister of Finance for this statement, again carrying on in the tradition of public financing of Hydro through the sale of various bonds. It is a good tradition that I am pleased this minister is carrying on. I am sure the people of Manitoba will be quite willing to purchase these bonds because they have faith in their publicly owned, publicly operated major electric utility.

It is unfortunate that the minister will not be in a position to get up and make a similar statement about MTS bonds, because people in Manitoba had faith and do have faith in MTS and wanted to carry on MTS as a publicly owned utility. The fact is, we are well served by this electric utility that is socially owned through the province of Manitoba, a utility that has a role to play in the future economic development of this province. It has played a very significant role in the past and can and will play a significant role in the future as a publicly owned, publicly operated utility. Thank you, Madam Speaker.

INTRODUCTION OF BILLS

Bill 35—The Condominium Amendment and Consequential Amendments Act

Hon. Mike Radcliffe (Minister of Consumer and Corporate Affairs): Madam Speaker, I move, seconded by the Minister responsible for Seniors (Mr. Reimer), that leave be given to introduce Bill 35, The Condominium Amendment and Consequential Amendments Act; Loi modifiant la Loi sur les condominiums et modifications corrélatives, and that the same be now received and read a first time.

Motion agreed to.

Bill 36—The Wildfires and Consequential Amendments Act

Hon. Glen Cummings (Minister of Natural Resources): I move, seconded by the Minister of Finance (Mr. Stefanson), that leave be given to introduce Bill 36, The Wildfires and Consequential Amendments Act (Loi sur les incendies échappés et modifications corrélatives).

His Honour the Lieutenant Governor, having been advised of the contents of this bill, recommends it to the House. I would like to table his message.

Motion agreed to.

ORAL QUESTION PERIOD

Flooding Ste. Agathe

Mr. Gary Doer (Leader of the Opposition): Madam Speaker, Manitobans, as a community, are very happy that their work and their efforts and the efforts of their governments and their public employees resulted in such a positive impact in terms of the flood and the potential devastation, but not all Manitobans are happy and not all Manitobans were free from the flood of 1997. In the past, I have asked this Premier some questions about the measures that were taken by the government and their impact on communities that were flooded. Specifically, I have asked on three or four

occasions about the decisions the government had to make and their impact on the Ste. Agathe community.

Can the Premier please indicate what measures were taken with the Avonlea Road, and what impacts did those measures have on the flooding of Ste. Agathe?

* (1340)

Hon. Gary Filmon (Premier): Madam Speaker, I will endeavour to find the answer to the question that the member has asked, but in response to his preamble, I will repeat that, other than the operational regime of the floodway, which the gate operations resulted in, according to the advice of the Water Resources engineers—an upstream increase above the floodway gates of no more than 6 inches of level impact, and that is the best advice that I have available—other than that, I know of no actions that would have been taken by government engineers or government employees that would have created a negative impact on other people as a result of their efforts to minimize the damage and the negative impacts of the flood.

Mr. Doer: Madam Speaker, on April 28, according to citizens adjacent to the Avonlea Road, the road was cut. In fact, I have been given a picture, which I will provide to the Premier, of the Avonlea Road being cut. On the morning of the 29th, considerable water came from what people believed to be different directions into the community of Ste. Agathe.

People are very concerned. We had been raising questions last week on compensation. The Premier has been stating repeatedly that people choose to live in a certain area. The people also believe the government has made choices, too, the right choices in terms of the big picture but devastating choices, potentially, in terms of their own community of Ste. Agathe.

Would the Premier agree to review the cut in the Avonlea Road at Ste. Agathe and the cut in Road 305 and whether it had any impact at all, as people believe, in the community of Ste. Agathe, on the flooding that took place in the middle of the night in a very unexpected way in that community?

Mr. Filmon: Madam Speaker, as I have indicated before, firstly, the government does stand ready and has

stood ready to do everything reasonable to assist, firstly, in minimizing the damage and protecting properties, including private properties and, ultimately, in ensuring that we bring whatever resources possible to the cleanup, restoration and all of those things with respect to the flood.

In making the comment with respect to some responsibility on the part of a choice that people make to live outside of the protective works, I make the point that the protective works have cost hundreds of millions of dollars, and we do create havens of protection for people throughout the Red River Valley, some eight communities that have ring dikes. We do, also, have the protective works that protect the city of Winnipeg, whether it is the floodway, whether it is the Portage diversion, the Shellmouth Dam or the primary diking system. We also have, because of the program of the early '80s, created individual protective works for many individual homes throughout the valley that chose to raise their levels to certain levels.

What I said was that, with all of these things, there will also be the provision of compensation up to 80 percent for restoration of damage and loss. I said along with that, it cannot be, I do not believe, 100 percent the responsibility of the taxpayer at large, that there should be some recognition of the choice of location on the part of individuals. I have not said they are responsible 100 percent. I have not said that it is 100 percent their choice. I said some small part of it, and that is what is in recognition of the fact that they pay no premiums and there is a 20 percent deductible on the compensation claims.

That aside, Madam Speaker, in response to the allegation as to whether or not a specific action caused the overtopping in Ste. Agathe, I said to him that there will be plenty of reviews that will be able to take a look at specific allegations, but I make the point that the flooding in Ste. Agathe occurred well before the peak flows and the peak levels were experienced. As days went by beyond the 28th of April, or whatever date it was that he quoted, there were several days, and, indeed, in that area I do not believe they reached the peak until three, four or five days later. So the flows that were coming in through the Red River Valley obviously were the issue and were the problem, but I will take his allegation and attempt to bring back the

best possible technical advice that I can for him on the matter.

* (1345)

Mr. Doer: These are questions that people in Ste. Agathe and adjacent to Ste. Agathe and farmers in Ste. Agathe are asking us to ask you on their behalf. We consider them legitimate questions. We have looked at the roads. We obviously do not have availability to all the people that the Premier has. We also know that the government had to make decisions for the greater good in terms of the flooding impact, but people feel there were other decisions that were made that affected their lives, their livelihood, their ability to get back on their feet in terms of individual decisions.

I would like to ask the Premier: How will the people of Ste. Agathe and adjacent communities be able to deal with these concerns of cut roads and their impact of flooding on their lives? How will we be able to deal with this? How will they be able to bring these concerns forward?

We heard yesterday about the drain blockages and the farmers in the Sanford area. We raised the issue today about the cut road at Avonlea and Road 305. How will we be able to deal with these legitimate questions that are being raised today in terms of the water that came from the west and flooded people in Ste. Agathe? How will we effectively deal with it, and what will be the policy of the government if indeed there was some cause and its impact on compensation policies of the government?

Mr. Filmon: You know, the point that the member makes is one that I think identifies all of the tremendous uncertainty that exists in this whole flooding. To say the water came from the west is not technically accurate. All that water came from the south, from the Red River Valley. In fact, 138,000 cubic feet a second crossed the border at the maximum point from the United States. The currents came from all directions. The currents that impacted negatively on Grande Pointe came from unexpected directions: east, west, north, south. In fact, the analogy that has been used by the engineers talks about the ice-cube-tray effect, that when you have all of this water and you have different factors, including all the roadways

forming barriers, and all of a sudden a barrier is toppled and it flows from section to section.

We observed, one of the days that we were up looking at that particular area—and it might have been within a matter of days of some of these instances happening—that, within a space of 5 miles, we had the current in fact going in three different directions across roadways in that area just to the east of Ste. Agathe.

So all of these things are matters that can be looked at, but what is, I think, important to reinforce is that that was not water that was introduced from some other watershed because it came from the west. It was water that was coming down the Red River Valley. It was water that inevitably had to go through the valley, past all the communities, whether that be St. Jean Baptiste or whether that be Morris or Ste. Agathe or St. Adolphe. It had to go past those communities in order to get to its ultimate destination point just outside the floodway.

So those are matters that will be looked at. I can assure the member opposite that they will be looked at not only by our own staff, but externally we would expect that there will be a review with independents from the reconstituted Manitoba Water Commission. As well, the Emergency Management Organization will be conducting its review of all the actions that were taken, because, indeed, there were so many different departments and individuals involved. We want to attempt to, as best as possible, satisfy the opposition in their questions and criticisms and the individuals and communities who might have questions or criticisms of government action.

* (1350)

Health Care System Central Bed Registry

Mr. Dave Chomiak (Kildonan): Madam Speaker, a central bed registry was promised by Don Orchard in December 1990, by the Honourable Jim McCrae in June '93, May '94 and August '96, was committed to by the present minister in March '97, and now we hear a central bed registry, and we have heard it all before, is going to be set up for the city of Winnipeg.

Madam Speaker, aside from the administrative changes that have been recommended in at least six reports with respect to this matter, my question is: Does the minister not recognize that the fundamental issue here with respect to the waiting list is the lack of funding to specific programs? In fact, that was recognized when the government inserted \$500,000 into the surgery programs and the MRIs and CAT scans prior to the last election when they recognized there was a problem. Does the minister not recognize that is, in fact, the problem today?

Hon. Darren Praznik (Minister of Health): Madam Speaker, the member for Kildonan may have heard the same radio broadcast or news item this morning as I did about central registry. During the course of the last number of weeks, as we faced potential major shifts and moves of people throughout the system, as a practical matter, our facilities in Winnipeg came together to do just that, in fact, to accommodate with great success. We hope with the creation of the Winnipeg Hospital Authority—in fact, more than hope; that is part of their mandate under that new organizational structure—that they will be able to bring that kind of rational use of facilities and beds throughout our system. Then once that is done, I think it makes the case, from time to time if there are areas truly that require more resources in order to deliver the program, then we can determine that on a factual basis, on a city-wide basis. That, I think, is fundamental to achieving the kind of common goal that he and I share.

Community Hospitals Services

Mr. Dave Chomiak (Kildonan): Madam Speaker, can the minister indicate to the citizens—and he alludes to it in his first answer—what services will be offered by the community hospitals, that is, Seven Oaks, Grace, Victoria and Concordia, insofar as there seems to be a move afoot to downgrade and cut services from those secondary centres away from the system? What assurances can the minister give to this House that those things and those services will not be cut and that will not happen?

Hon. Darren Praznik (Minister of Health): Madam Speaker, I do not think anyone today, he nor I or any other member, could get up and say what services will

be delivered where and from what facilities well out into the future.

Madam Speaker, obviously changes in technology, demographics, a host of things are going to have a system where services shift and change to meet need appropriately throughout the system. I do not think the member particularly disagrees with that. What I hear from the member is concern about a trend that is there and some of the discussions where we would see services that many would argue have a role in our community hospitals being consolidated into tertiary hospitals and teaching hospitals.

* (1355)

I know the previous minister and myself both share that same concern. Part of the mandate of that Winnipeg Hospital Authority in sorting these things out is to make sure that services are delivered appropriately. I do not think anyone would argue, for example, that all births in the city of Winnipeg have to take place in a teaching hospital. That does not make sense. So getting the right mix, the right numbers and the right location is part of that challenge for the Winnipeg Hospital Authority. I would hope over the next year that many of these issues that have been outstanding for some time will be resolved.

Winnipeg Hospital Authority Role

Mr. Dave Chomiak (Kildonan): Madam Speaker, is the minister saying, therefore, that all of the reports and all of the studies, the Bell-Wades, the Manning reports, literally hundreds of reports, hundreds of committees, the three ministers, the thousands of civil servants, the hours of Estimates we have done in this Chamber, all of that is now going to be put over to the unelected, not even legislatively sanctioned, Winnipeg hospital superboard that has been set up, that has been appointed by the government? Is the minister saying that he is delegating all of those roles and responsibilities and functions to those boards, and that the people of this Legislature and the people who are on the boards of the local hospitals will have no decision and no say in the process as it exists? Because that is what it certainly sounds like.

Hon. Darren Praznik (Minister of Health): Madam Speaker, the member for Kildonan asks his question not in a void. Today the boards of the nine facilities in the city of Winnipeg are not elected boards; they make decisions as to what services they wish to offer in their facilities. They are not elected by the people, the taxpayers who ultimately pay the bill. The Ministry of Health serves as a co-ordinator, because we are the funders of each of those individual institutions, in trying to co-ordinate how those services are provided.

Madam Speaker, I think what the major change is with regionalization is the fact that one authority, in essence, will be working with those facilities in delivering programs. The Ministry of Health, which represents the taxpayer, is the trustee. We of this Legislature are the trustees of the taxpayer. Working through the ministry with that facility, we will be able, I think, with greater ease to make those kinds of decisions, rationalizing programs or directing programs or developing new programs in various sites that make sense.

Shelter Allowance Programs Status Report

Ms. Marianne Cerilli (Radisson): Madam Speaker, even though we have a province that is plagued with poverty, this government has cut half a million dollars from the shelter allowance programs for low-income families and seniors. Now they have eliminated the 21 staff for these shelter allowance programs from the Department of Housing, transferring them to the Manitoba Housing Authority.

I want to ask the Minister of Housing: How could he make this change at this time, and why has he done this, given that they have had recommendations from their own Children and Youth Secretariat to promote these programs more, and, indeed, these programs are very essential to Manitoba?

Hon. Jack Reimer (Minister of Housing): Madam Speaker, I have endeavoured to explain the shelter allowance program to the member a few times, not only here in the House but also in Estimates, where I have outlined the program and the policy and the fact that the program is developed and engineered by applications. As applications come in, if applications are eligible,

they are approved. There is no cutback in the sense of the funding. The program is set up on a budgetary process where there is an estimate as to how many applications will come in. A budget is set on those projections. If the applications do not meet the amount that is projected, naturally the money is not spent.

The program has not changed. If it is over, we even add, because it is there for the eligibility of the program. Applications are made. If they are eligible, they are approved.

Ms. Cerilli: Madam Speaker, the minister did not answer the question. I want to ask him: Can he explain why they have transferred the 21 staff for the shelter allowance programs out of the Department of Housing and into the Manitoba Housing Authority? What is the long-term plan for this program?

Mr. Reimer: Madam Speaker, if there is not that much usage for the program in the amount of applications that are being processed and the usage for the program and if there are employees that can be utilized in other areas and the transfer of them to a different department, it would only be natural because of the fact that there is not that much work for them anymore because the applications, the processing—the evaluation has gone down because it is driven by applications. The applications go down; there is not as much money being allocated; there is not that much work involved with the program so people are being moved. That is all.

Ms. Cerilli: Will the Minister of Housing confirm that the real plan in his department is to transfer all of these programs into the Manitoba Housing Authority, turn it into a special operating agency, and essentially privatize and contract out the management for all these programs?

Mr. Reimer: Madam Speaker, it seems that any time there is any type of readjustment within any type of department in this government, the opposition looks at that big, bad boogeyman of privatization rearing its head.

I think what we are looking at is the best utilization of our manpower within our departments. We will look at adjusting. We will look at the best utilization of the

talents we have in our department, and if there is usage for other people to move within our departments, we are certainly going to encourage that. We look at our department as an asset and a valuable asset in the management of the Housing portfolio. If there is an adjustment, and they want to move to different areas or we can utilize them in different areas, I think that is a tremendous advantage for the talent that we have within our department.

* (1400)

Provincial Parks Camping Reservation Fees

Mr. Stan Struthers (Dauphin): Madam Speaker, my question is for the Minister of Natural Resources, whose government is absolutely determined to make our parks inaccessible to Manitobans. In the last little while, the government has made drastic increases to park entrance fees. They have increased camping fees; they have increased user fees for such things as firewood; they have increased fishing fees, and they have eliminated seniors' passes for Manitobans. Can the government explain why this government has doubled the fee charged to campers when they reserve a camping spot in any of our Manitoba provincial parks?

Hon. Glen Cummings (Minister of Natural Resources): Madam Speaker, the department has attempted to position itself so that it is able to invest dollars in the services that we provide and provide dollars to upgrade the facilities within our campsites in all of our parks. In so doing, we are attempting to have much more of a cost-recovery basis within the campsite areas.

Mr. Struthers: Madam Speaker, can the minister tell me then: How much of this fee increase for reserving camp spots will go to a company called Destinet Reservation Services, which is a Mississauga, Ontario, company that has been contracted to provide information in our parks, including taking camping reservations?

Mr. Cummings: Madam Speaker, the member may not be aware, but this company will be locating in the province of Manitoba shortly in order to provide the

employment here. In order to enhance the opportunity for people to reserve campsites, there is a call-centre approach being taken so that people can now have access to reserve in advance at 20 of our campsites, as opposed to the reduced number that we had before.

Mr. Struthers: So, Madam Speaker, what the minister is telling me is that, if I want to book a site in the Duck Mountains today, I would have to phone Mississauga, Ontario, to do that.

Mr. Cummings: Madam Speaker, the member does not want to acknowledge that 1-800 numbers are in fact free, and our old service had a toll cost attached to it. The service that the public is demanding of campsites—they want to know that they can phone ahead, have a guaranteed reservation on their site and know that, when they arrive there with their family on the weekend, that site in fact will be available to them.

The service is free in the phone numbers that they make, and there is a reservation fee attached. If that is what the member is unwilling to acknowledge, then he believes that there is no opportunity for cost-recovery.

Education System Financing—Property Taxes

Mr. Kevin Lamoureux (Inkster): Madam Speaker, my question is for the Minister of Finance.

Over the last couple of days Manitobans have been receiving their property tax bills, and a very significant and a growing portion of that tax bill is school tax. This government has continuously over the years allowed the financing of education to rely heavier on the funding of getting it through property tax.

My question to the Minister of Finance is: Does this government have any intentions, either now or in the future, to resolve the problem of relying on financing education more and more on property tax? When is this government going to be prepared to deal with this issue?

Hon. Eric Stefanson (Minister of Finance): Madam Speaker, in terms of our support for municipalities and for school divisions, when you look at how we have fared across Canada, we have fared very well in this

province, particularly when you take into consideration the significant reductions in funding from the federal government, the federal Liberal government, by the way, that over these last two budget years alone has reduced funding to the Province of Manitoba by some \$220 million. Through all of these times of adjustments in terms of less funding from Ottawa, we have absorbed the vast majority of that at the provincial government level without offloading it to other jurisdictions, to other levels of government, because we know at the end of the day there is only one taxpayer, whether that taxpayer is paying federal taxes, provincial taxes, school taxes or municipal taxes. So we will continue to focus on an overall basis on being sure that taxpayers get the greatest efficiency for their dollars and that taxes do not go up in Manitoba.

Mr. Lamoureux: Madam Speaker, about 90 percent of what the Minister of Finance has just said is absolute garbage. The question that we are asking the Minister of Finance—

Madam Speaker: Order, please. The honourable member for Inkster was recognized for a supplementary question which requires no preamble.

Mr. Lamoureux: My question to the Minister of Finance is: When is this government going to stop the further reliance of financing education through the property tax, take responsibility and start financing it through general revenues, not the cutbacks and the freezes that this government has instituted over the years?

Mr. Stefanson: Madam Speaker, the member must be awfully sensitive whenever we talk about the federal Liberal government, and he should be because of the lack of support that they provided to Canadians and Manitobans in the important areas of health and education. When you look at our direct support for education from our budget, it is the second-largest expenditure in the provincial budget in Manitoba. Over 19 percent of our expenditures go to education, unlike during the NDP days when it was down in the 17 percent range. So make no mistake, between health care at 34 percent and education at over 19 percent, those two departments are over 50 percent of all of the spending in Manitoba, clearly showing the priorities that this government attaches to health and education.

Mr. Lamoureux: Madam Speaker, as the minister plays with numbers and stats, the question still remains: Does the Minister of Finance have any intention of dealing with the issue at hand and start to reverse the trend and start to pay more for education through general revenues as opposed to property tax? That is the issue. Will the minister respond to the question?

Mr. Stefanson: The member for Inkster asks us to spend more money in one area, and I would ask him where does he expect us to find that money. Does he want us to increase taxes in Manitoba? Does he expect us to cut back health care, education? Certainly the Liberals are experts when it comes to reducing support for health and education, because we have seen that at the federal level. Our support for health and education is second to none. Over 53 percent of all of the money we spend is in those two very important areas, and that certainly shows a clear sign of where our priorities are, unlike Liberal priorities which are to reduce funding for health and to reduce funding for education.

Investment Multilateral Agreement Status Report

Mr. Tim Sale (Crescentwood): Madam Speaker, yesterday in Estimates I asked the Minister of Industry, Trade and Tourism if there are any major trade treaties or agreements under discussion between Canada and any other nations to which Manitoba was an observer, a party or was being consulted. The minister said there were none.

What can the Minister of Industry, Trade and Tourism tell the House about the multilateral agreement on investment currently under negotiation with Canada and a number of other countries?

Hon. James Downey (Minister of Industry, Trade and Tourism): To tell the truth, our department, Manitoba Trade, took the question under the context that we are dealing directly with direct trade issues as it relates to the specific. I will take that question as notice.

Mr. Sale: Madam Speaker, could the minister simply answer the question. Is Manitoba involved in the discussions of the draft multilateral agreement on investment which has a great deal to do with trade? In

fact, probably 90 percent of it has to do with trade and investment. Are we involved? Are we not? Does the minister know what is going on in his department or does he not?

Mr. Downey: I do not know why the member did not ask that specific question yesterday when we were in our Estimates, whether he waited till today to get the television on him or not, Madam Speaker. The individual who would be in charge of that was there during the Estimates, and he did not ask the question. That is why today, to make sure I am absolutely accurate, I will take the question as notice.

* (1410)

Mr. Sale: If the minister is able to find out something about this agreement, which has been on the table for some year and a half now, will he undertake, as he did yesterday in regard to two other similar agreements—much less important, by the way—to table the draft text of the agreement, which was circulated to all provinces in January of 1997, with this House so that Manitobans can understand the implications of this very important agreement, particularly in light of the fact that if it were adopted in its current form, it would prohibit many of the clauses of which the government was so proud when they sold the Manitoba Telephone System when they said that ownership would remain with Manitobans, that the head office would remain in Winnipeg and so forth—not possible under the MAI. Will he table the agreement?

Mr. Downey: I am still proud that we sold the Manitoba Telephone System and pleased that Manitobans were able to participate in that company which truly is theirs.

Madam Speaker, I will take that question as notice.

ManGlobe Correspondence Tabling Request

Mr. Jim Maloway (Elmwood): My question is to the Deputy Premier (Mr. Downey) and concerns the ManGlobe project. Would the minister table copies of correspondence and dates of all meetings of this minister with the member of Parliament for Winnipeg

South and Winnipeg South Centre or staff over ManGlobe negotiations?

Hon. James Downey (Minister of Industry, Trade and Tourism): If there are such minutes or if there were such meetings, I would accommodate the member.

Federal Contact People

Mr. Jim Maloway (Elmwood): I would like to ask the minister whether he would check with his department and find out who proposed Reg Alcock as federal contact for ManGlobe and why he was the only politician listed as a contact.

Hon. James Downey (Minister of Industry, Trade and Tourism): Yes I will, Madam Speaker.

Applicant Selection—Due Diligence

Mr. Jim Maloway (Elmwood): My final supplementary to the same minister is this: When the minister was writing four cheques of \$125,000 each to ManGlobe, was he aware that Revenue Canada was suing the ManGlobe president in two separate claims for \$46,753 in unpaid income tax and a further \$18,615 in GST arrears. What due diligence went into selecting the successful applicant for these grants?

Hon. James Downey (Minister of Industry, Trade and Tourism): Madam Speaker, I did not write the cheques personally for ManGlobe, and there were not four cheques for \$125,000. Yes, I guess there were—\$125,000 each; that is correct.

The question dealing with the reasoning for the funding of the money was that there were certain conditions that had to be met by the company. Those conditions were met, one of them being that they had to have partners or participants like the Royal Bank, Canada Post, the Manitoba Telephone System. Those were part of the conditions on which the monies were advanced. There had to be conditions met and they were met, Madam Speaker.

As far as the funds owed to the federal government, to my knowledge, I was not aware of it. I am not sure the department was or not. I will check.

Gods Lake Narrows Fuel Oil Spill

Mr. Gregory Dewar (Selkirk): Madam Speaker, my questions are for the Minister of Environment regarding the recent fuel oil spill at Gods Lake Narrows.

Will the minister provide to the House today details of his department's investigation of the spill and whether this spill has affected the drinking water supply in that community?

Hon. James McCrae (Minister of Environment): The word I received yesterday, Madam Speaker, was that the work was being done to prevent this spilled aircraft fuel from finding its way into the drinking water supply. That was the primary job that was undertaken yesterday. Once that was under control, the object was then to review the situation at that point as to what to do with the fuel that was on the ground. There was not a significant concern about the fuel on the ground leaching or seeping, because the level of moisture in the ground was high enough that that was not the main concern. The main concern was indeed whether it would get into the drinking water supply. Later this afternoon, I expect to hear a further report which I can share with the honourable member.

Mr. Dewar: Madam Speaker, what steps is the minister's department taking to remediate the contaminated soil in that area?

Mr. McCrae: Well, as I said, Madam Speaker, the incident just occurred. The immediate priority was to ensure using these absorbent booms and other efforts to keep the fuel from finding its way to the lake water supply, and a further report was coming to me as to how to deal with it once that had been contained. Once I have that information, I would be very happy to share it with the honourable member.

Winnipeg Inner City Banking Services

Ms. Jean Friesen (Wolseley): Madam Speaker, my question is for the Minister of Urban Affairs.

The loss of banking services in the inner city continues to be a serious concern to my constituents, to

community groups and to businesses in the west Broadway and Wolseley area. Such losses, the banks will tell us, are as a result of technological changes, but they are also the result of provincial government policies.

I want to ask the minister if he could tell us whether, when such government decisions to abandon the inner city—whether it be in the reduction of services at the Misericordia or the removal of civil servants to other areas—there is a systematic consideration of the impact of those provincial government policies on the inner-city neighbourhoods by the Urban Affairs Committee of Cabinet.

Hon. Jack Reimer (Minister of Urban Affairs): Madam Speaker, any type of movement out of the city of Winnipeg and the core area naturally is of a concern to the provincial government. This is one of the reasons why I believe the member is referring to—I believe a bank is closing its doors. The TD Bank is moving. Other banks have, in fact, made a point of making contact with my department to tell me that they are in the process of moving and the fact of what services they are offering or pertaining to leave in the community to service the clients, particularly if there are seniors involved with it.

In the other area in which the member talks about the commitment to the inner city, this government has always had a very strong commitment to the city of Winnipeg and the inner core area. When you look at the amount of money and the effort that has gone into the core area development, the North Portage Development, The Forks development, these are hundreds of millions of dollars that we have spent in the inner-city area for the advancement of the city. Our commitment has always been very, very strong, and, in fact, if you look at the Winnipeg Development Agreement, there are a lot of areas and initiatives that I can explain in my next answer here.

Ms. Friesen: Madam Speaker, is the minister prepared to undertake a study on behalf of my constituents on the impact of his own government's decisions to reduce the Misericordia services and to look at the impact on the banking services of the area? Because what we now have is an area from Arlington Street down to the heart

of the inner city on Kennedy Street, approximately about 9,000 people who are now left without a bank.

Mr. Reimer: Madam Speaker, from time to time there was always contact between, as I mentioned, the various banking institutes with my department. I will certainly bring to their attention the fact that there is the apparent lack of banking facilities in the area. I will certainly take that message forth with my meetings with bankers and banking officials at every opportunity that I meet with them.

Ms. Friesen: Madam Speaker, I would like to ask the Minister of Urban Affairs to report back on that meeting to the House and, also, whether he would undertake to direct his staff to prepare a report on the overall effects of the loss of banking services in the inner city on seniors, on those without access to transport, and those who have little access to credit in order to use the machines which the banks believe are substitutes.

* (1420)

Mr. Reimer: Madam Speaker, as Minister responsible for Seniors, I have a particular interest in any type of services or lack of services to seniors. In working with the co-ordination through the Seniors Directorate, we certainly will try to bring forth any type of recommendations, and I can share them with the member once we get into any type of discussions along those lines.

Flooding Sandbagging—Student Transportation

Hon. Frank Pitura (Minister of Government Services): Madam Speaker, the other day I took a question as notice from the honourable member for Wolseley (Ms. Friesen) with regard to school divisions that supplied transportation for students who wished to volunteer sandbagging. Just briefly, in the response to the honourable member's question, in most cases it was the decision of the school division that they would participate in volunteer sandbagging. The students responded, I think, in the true spirit of volunteerism by giving their time and effort. It was probably part of their overall education in terms of working as a team,

helping people in need and learning to become community-minded citizens.

It is our belief that the school divisions offered the transportation in a true and genuine spirit of giving to the community, and we are sure that the divisions will be more than willing to pick up the cost of the transportation as a result of this effort. I am also informed by my staff that, under the federal-provincial disaster financial assistance agreement, this type of a cost is not eligible under that agreement.

Madam Speaker: Time for Oral Questions has expired.

* * *

Hon. James McCrae (Government House Leader): Madam Speaker, I move, seconded by the honourable Minister of Justice (Mr. Toews), that Madam Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

NONPOLITICAL STATEMENT

Madam Speaker: Is there leave to revert back to Nonpolitical Statements? [agreed]

Flooding—Volunteerism

Madam Speaker: Does the honourable member for Flin Flon have leave to make a nonpolitical statement? [agreed]

Mr. Gerard Jennissen (Flin Flon): Madam Speaker, I am proud and privileged this afternoon to put on record a few words regarding the generosity of northern communities in assisting southern Manitobans negatively affected by the flood. The city of Flin Flon and surrounding region raised, in just a matter of hours, \$44,000 for Manitoba flood relief.

The people of Cranberry Portage collected 130 boxes of clothes and food for southern Manitobans affected by the flood.

The Black Sturgeon First Nation youth held a walkathon, an 84-mile walkathon to raise money for

flood relief. Their youngest participant was only two-years-old. I am sure that I speak for all members of this House when I say: Well done, northern Manitoba.

ORDERS OF THE DAY

Madam Speaker: It has been moved by the honourable government House leader, seconded by—

Hon. James McCrae (Government House Leader): Oh, seconded by—I will have to re-move it, I guess—the honourable Minister of Natural Resources (Mr. Cummings)—

Motion agreed to.

COMMITTEE OF SUPPLY (Concurrent Sections)

ENERGY AND MINES

The Acting Chairperson (Mrs. Shirley Render): Order, please. Will the Committee of Supply please come to order. This afternoon, this section of the Committee of Supply meeting in Room 254 will resume consideration of the Estimates of the Department of Energy and Mines.

When the committee last sat, it had been considering item 3. Industry Support Programs (a) Mineral Exploration Assistance Program on page 46 of the Estimates book.

Ms. MaryAnn Mihychuk (St. James): As I indicated yesterday, I had hoped to finish the Estimates yesterday. I do not intend to spend too long on this, but I do want to ask a few questions on the Mineral Exploration Assistance Program. The minister was in the process of explaining the funding for the MEAP program partially through the use of the Mining Community Reserve Fund. I am not sure that we concluded that section, so I would ask that we do that.

* (1440)

Hon. David Newman (Minister of Energy and Mines): I think to answer the question—rather than giving you the edited abbreviated version, which I

could attempt, I will give you the chapter and verse, the detailed explanation provided by the department.

At the end of 1995-96 the department had an allocation of \$2 million for the Mineral Exploration Incentive Program. In preparing for the '96-97 Estimates review process and as part of implementing its new mining and petroleum investment strategy, the department proposed that the old cumbersome EIP program be cancelled and it be replaced by a new streamlined Mineral Exploration Assistance Program at a funding level of \$3 million per year and a new Petroleum Exploration Assistance Program at a funding level of \$1 million per year. To effect this change, \$1 million was reallocated to the new PEAP from the old MEIP program; \$1 million was reallocated to the new MEAP and an additional allocation of \$2 million was needed to bring MEAP up to the full \$3-million level.

The question was then, where would the additional \$2 million come from? Given the size of the budget and my department, it would have meant of course program reductions and staff reductions to find the \$2 million. Through a process of discussion involving the Department of Finance and legal counsel, the option of using the mining community reserve as a potential source of funding was examined. The first option was upon examining the provisions of The Mining Tax Act that deal with the mining community reserve, it was concluded that unless there is a direct link between the cost of an exploration project and the welfare and employment of persons residing in a mining community which may be adversely affected by the total or partial suspension or the closing down of mining operations attributable to the depletion of ore deposits, exploration projects could not be funded directly out of the reserve. It was concluded that funding projects directly out of the reserve would make MEAP too restrictive. For example, it would preclude projects in the target area of the Northern Superior Province.

Another option, which was the option exercised, was under Section 44(6) of the act; the Minister of Finance is allowed, with the approval of the Lieutenant Governor in Council, to transfer to revenue any amount from the reserve which exceeds \$5 million. As of March 31, 1996, the balance in the reserve was \$19.2 million. It was therefore determined that commencing in '96-97, \$2 million per year over a three-year period

would be transferred from the mining community reserve to revenue to offset the \$2 million per year of incremental expenditure authority for MEAP. The consequence of that was that the net impact on the provincial budget was neutral, and of course the intent of the legislation was honoured and respected in the process and a reserve well in excess of \$5 million was intact as well and continues to be intact.

Ms. Mihychuk: Can the minister tell us for the record what the balance of the Mining Community Reserve Fund is at the present time?

Mr. Newman: The uncommitted balance that has not already been spoken for is \$14.2 million.

Ms. Mihychuk: The difference between the \$19.2 million as of March 31, 1996, and the \$14.2 is actually more than the \$4 million. Can the minister explain why there is a discrepancy between those numbers?

Mr. Newman: Those involve the commitments into the future.

The total committed—maybe I will take a step back. The opening balance as of April 1, 1996, was \$19,203,704.65. Then there was revenue, the interest, the investment return on the fund, for the period April 1, 1996, to March 19, 1997, of \$2, 070, 251.12 less payments out from April 1 to March 19, 1997, totalling \$783,820.14 for a closing balance as of March 19, 1997, of \$20,490,135.63, and the committed amount that we are talking about is \$6,276,570.15. Subtracting that from the closing balance of March 19, 1997, leaves an uncommitted balance of \$14,213,565.48.

The breakdown of that \$6.2 million is, first of all, the Prospectors Assistance Program. There is \$100,000 which was in total committed to that originally, and the balance which has still been unpaid pursuant to that commitment is \$13,458.01. So that is the first item.

The second item is the Sherridon tailings cleanup. The total committed there originally was \$25,000, and the balance committed but unpaid is \$6,430.23.

There is support related to the Prospectors Assistance Program for this year coming and the previous year. I should have mentioned the first item was with respect

to the 1995-96 year—that was the \$13,458.01—but the '96-97 and '97-98 commitment to the Prospectors Assistance Program still unspent is \$216,653.58.

The other item is an engineering project respecting the Sherridon tailings, again, and the balance unspent on that out of an original commitment of \$400,000 is \$40,028.33. If you add those up, they would total \$276,570.15 which is the amount that you are talking about in excess of the \$6 million transferred to general revenue.

Ms. Mihychuk: Just for the record, the \$2 million per year is coming in \$2-million withdrawals rather than the full \$6 million at one time. Is that correct?

Mr. Newman: It is committed as \$6 million, but it comes in \$2-million installments each fiscal year.

Ms. Mihychuk: Does the minister not believe that this allocation actually contravenes the purpose of the Mining Community Reserve Fund, which the minister actually read out, which is actually established to be used for the welfare and employment of persons residing in a mining community which may be adversely affected by the partial suspension, closing down, of mining operations attributable to the depletion of ore deposits?

That was the fundamental reason for establishing the fund. This is clearly a deviation, although I understand and I agree that you found a way to access the money, but, overall, the principle of the fund was to help communities that were experiencing downturns, which we know communities do experience, especially mining towns. Here we are using the money to subsidize exploration in areas well away from communities and mining communities.

* (1450)

Mr. Newman: My answer to that question will not be in agreement with your characterization of it. I would suggest to you that confining the fund to the statutory amount of \$5 million would be consistent with the intent of the legislation, and we are not doing that, because it is perceived that it is desirable to have a larger fund than was originally contemplated by that legislation as a minimum.

With respect to the expenditure of what could be called "surplus capital" in the fund, I would contend, with a great deal of conviction, that this is probably the best use of that fund and the best way to, in a long-term sustainable and directly beneficial way, spend that money for the benefit of the people in those communities.

Not only does exploration give the best chance for the finding of mines, we simply know of no better way to spend money to develop a mine than to have exploration done that is serious and focused and meets the approval of our department, but also associated with the exploration are jobs, are benefits to communities in the areas of exploration in the North.

Whether it is Lynn Lake, which was in desperate trouble and has been supported by the fund, or whether it is Flin Flon, it also contributes to the morale of the area, the spirit of the area, and that is also important in healthy and sustainable communities. So, no, I gave a great deal of agonized thought to this because I wanted to make sure that in my judgment the department was committed to a way of spending its money that was in the best interests of the northern communities. So I have come to the conclusion I just expressed to you with a great deal of thought and a great deal of conviction, and I think the decision made before I became minister is the correct one, and I heartily approve of it.

Ms. Mihychuk: The legislation, as I understand it, does identify \$5 million as the minimum amount in the fund. I concur with the minister, \$5 million these days does not seem sufficient for the purpose of the fund which I think was established for the reason of providing that cushion for the people that live in those towns. If you talk to families in Snow Lake, for example, how would this investment of \$2 million in the Superior region help the people of Snow Lake when the mine closed down that year. Clearly the vision, the decision by the department to go into the Superior project, for example, was a wise one, but it is not, I would argue, going to create a new community in the Superior Province in the short term.

We will hope that this type of exploration leads to some prospects, leads to some mining development, but we are clearly in the early, early phases. This fund was

to be used to rescue, to save communities already established. If I have a home in Snow Lake that I have invested \$60,000, \$70,000 in, and the town collapses, this money invested in the Superior project or in other projects is not going to help me as an individual with property in Snow Lake. So I would still argue that, although the government, the minister is complying with the regulations of the act, I believe you have betrayed the purpose, although this exploration may be worthwhile. I understand the department is desperately looking for funding. I would just like to put for the record that we do not concur with the use of this fund for the use of the Mineral Exploration Assistance Program because of its tenuous association with actual mining communities.

Mr. Newman: I just wanted to correct, for the record, no one should be under the impression that the exploration funding is going into the northern Superior Province alone. In fact, a minority of the funding is going there, and by far the most significant amounts are going into areas that I would say have a presence of well-established communities, and I would emphasize and single out Flin Flon, for example, where Hudson Bay Mining and Smelting is spending a great deal of money with its support from this program to try and find a mine to better ensure the continued success, indeed existence, of the mining operations in Flin Flon.

I also would invite—I think a useful discussion could take place as to whether or not that \$5-million figure in the statute should be changed, and if you tell me that that should be, your party, the New Democratic Party, the official opposition would support an amendment to change that amount in some way that is more acceptable to myself and to you, I would welcome that disclosure of support and disclosure of an amount. That kind of change, when there is nonpartisan support for the protection of a community, we could perhaps do legislation like that without a great deal of difficulty. I think this is the sort of issue that deserves that kind of consideration because it is obvious that you are as sensitive to the damage, the hurt, the economic challenge that would be laid on people in any northern community who are now dependent significantly on the presence of a mine nearby to further success.

Ms. Mihychuk: I thank the minister for that opportunity and will pursue it, and hopefully we can

come to a co-operative conclusion on what we see as a reasonable amount as a minimum or other changes to the Community Reserve Fund. We will take that suggestion and come back to the minister on that.

Mr. Newman: I welcome your addition of the words. If, for example, you were to agree that this were clearly a beneficial purpose, maybe there should be language in the statute to accommodate that and that again I would be pleased to explore with you.

Ms. Mihychuk: Very good. I just would also like to ask the minister if we could have an updated list of what companies, exploration companies are receiving funding from the MEAP and PEAP—well, we know what we are talking about—the incentive programs that are being offered for oil and gas exploration and for the mineral exploration.

Mr. Newman: We will definitely be pleased to provide that to you for both of those programs.

Ms. Mihychuk: One final question: Is it the intention of the department to continue with the petroleum incentive program in the next year, and does the minister believe that it concurs with the principles of sustainable development?

Mr. Newman: Yes.

The Acting Chairperson (Mrs. Render): 23.3. Industry Support Programs (a) Mineral Exploration Assistance Program \$3 million—pass; (b) Petroleum Exploration Assistance Program \$1 million—pass; (c) Manitoba Potash Project \$304,900—pass; (d) Acid Rain Abatement Program, Flin Flon \$138,600—pass.

Resolution 23.3: RESOLVED that there be granted to Her Majesty a sum not exceeding \$4, 443,500 for Energy and Mines for the fiscal year ending the 31st day of March, 1998.

* (1500)

The last item to be considered for the Estimates of the Department of Energy and Mines is 1. Administration and Finance (a) Minister's Salary. At this point we request that the minister's staff leave the table for the consideration of this item.

Item 23.1.(a) Minister's Salary \$12,900—pass.

Resolution 23.1: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,139,500 for Energy and Mines, Administration and Finance, for the fiscal year ending the 31st day of March, 1998.

That concludes the Estimates for the Department of Energy and Mines. We will recess briefly.

The committee recessed at 3:02 p.m.

After Recess

The committee resumed at 3:08 p.m.

LABOUR

The Acting Chairperson (Mrs. Shirley Render): Will the Committee of Supply come to order. This section of the Committee of Supply will be considering the Estimates of the Department of Labour. Does the honourable Minister of Labour have an opening statement?

Hon. Harold Gillehammer (Minister of Labour): Thank you, Madam Chairperson, I do. Would you like me to proceed with it?

The Acting Chairperson (Mrs. Render): Please proceed.

* (1510)

Mr. Gillehammer: Madam Chairperson, it is my privilege to present the Expenditure Estimates of the Department of Labour for the fiscal year '97-98. As the new Minister of Labour, I have enjoyed meeting with the members of the labour management community, and I look forward to a good working relationship with them.

I have also had the pleasure of meeting the staff of the department. They are dedicated and hard-working professionals who, under the very capable leadership of my deputy, Mr. Tom Farrell, provide valuable services to the citizens of Manitoba.

I would like to also acknowledge the recent retirement of two senior members of the department, Mr. Tom Bleasdale who was the deputy minister, and certainly pleased to see so many people from the department, the community and a number of political parties out to attend that event. Also retiring was Mr. Jim Davage, well known across the province for his work in conciliation and working with the labour management groups. On behalf of the government and all Manitobans, I would like to thank them for their years of public service.

For 1997-98, the total budget request for the Department of Labour is \$12,613,600, representing a reduction of 2.7 percent from the previous year. This reflects the reduction of seven and a half staff years from various administrative or support areas within the department. This has been possible largely through reorganization changes and through the rationalization of administrative support services. These changes will result in organizational improvements and will not have a deleterious effect on direct program delivery to the public.

Effective April 1, 1997, the department was reorganized from four divisions to three with the amalgamation of the Labour and Management Services divisions into one division. Also, the Mechanical and Engineering branch is now part of the Workplace Safety and Health Division, and the Pension Commission now reports directly to the deputy minister.

The Department of Labour recovers a significant proportion of its annual expenditures through its various sources of revenue. For 1997-98, the department projects to recover about 63 percent of its total budget as revenue.

As Minister of Labour, I recently had the opportunity to be part of an important international initiative with Manitoba's signing of the Canadian intergovernmental agreement on the North American Agreement on Labour Co-operation. I am pleased that, by participating in the labour side agreement, Manitoba will be able to more effectively monitor the enforcement of labour laws across North America, promote labour standards internationally consistent with Manitoba's high standards, protect basic rights of

workers and protect the Manitoba economy from potential competitive impacts caused by failure to properly enforce labour laws in the United States, Mexico or future NAFTA countries. My department is committed to participating directly and fully in the implementation, management and further development of this historic international agreement.

As members are aware, as Minister of Labour, I have introduced four bills before the House. The proposed amendments to The Pension Benefits Act represent a positive step towards creating an environment which promotes the expansion and the establishment of employer-sponsored pension plans, as well as ensuring that benefits of plan members are offered adequate protection.

Changes to The Retail Businesses Holiday Closing Act have been brought forward to provide for a more timely and efficient approach by authorizing ways for establishments to obtain permits through special exemptions issued by the Minister of Labour without requiring the authorization of the Lieutenant Governor in Council.

The amendments introduced to The Steam and Pressure Plants Act are directed at eliminating duplication without reducing safety requirements. The proposal provides that, where a pressure vessel is subject to inspection under the federal Transportation of Dangerous Goods Act, it would not be subject to regular two-year inspection requirements under the provincial act.

Amendments proposed to The Workplace Safety and Health Act provide for a tenfold increase in fine levels under the legislation and reflect the unanimous recommendations of the Advisory Council on Workplace Safety and Health. The council is comprised of members representing workers, employers and technical organizations.

I would also like to inform you that work has been progressing on the legislative development of a very important initiative, the labour standards code. This code will consolidate, streamline, simplify and update three separate but related acts respecting employment standards. This is a major drafting effort, and plans are

to have the work completed for introduction in the next session of the Legislature.

I would like to recognize the important work undertaken and contributions made by the department's external advisory committees such as the Advisory Council on Workplace Safety and Health, the Manitoba Pension Commission and the Labour Management Review Committee. The time and efforts of all committee members are very much appreciated, and, on behalf of the province, I would like to thank them for their advice and assistance.

Since 1989, the Department of Labour has demonstrated its commitment to improve public services through a series of initiatives including a quality service client focus, establishment of client satisfaction feedback measures and development and implementation of a program performance measurement and accountability framework during 1995-96.

Building on the successes of the program performance measurement framework, the department is taking further steps to be forward-thinking to better serve Manitobans. As part of the government's Manitoba measures initiative, the department recently undertook work to clearly outline the department's vision, mission and strategic directions for the next three-to-five-year period. The proposed vision of the Department of Labour is that the economic and social well-being of Manitobans will be supported by the promotion of fair employment practices, safe and healthy workplaces and harmonious labour management relations.

The department's vision is operationalized through our mission, which is to promote appropriate standards and deliver quality services to all Manitobans through creative leadership and effective partnerships. This is consistent with and supportive of the government's policy goals of making Manitoba a better place to work and invest and improving our high quality of life. More specifically, the Department of Labour contributes to the province's long-term strategic goals by balancing the rights and responsibilities of employees and employers, facilitating stable labour relations, detecting and preventing workplace illness and injury, ensuring minimum standards and conditions of employment,

protecting and promoting pension benefits, assisting workers with Workers Compensation Board claims, assisting employees, employers and communities in finding solutions to workforce adjustment issues arising from downsizing or closures and protecting public safety with respect to hazardous equipment, building standards and fire laws.

The department's strategic directions for the next three to five years include: No. 1, to continue to pursue change that will result in improved quality, efficiency and relevance in programs and services; secondly, emphasize prevention, public education and dispute resolution strategies as a means to support effective administration of our legislative mandates; thirdly, allocate resources on a risk assessment and value-added basis; and fourthly, increase emphasis on clarifying responsibility among stakeholders.

To assist with this, information technology methods and systems will be further developed to improve delivery of services, enhance public and communication initiatives and be consistent with new government-wide information systems. In pursuing these new directions, I consider as a priority the importance of consulting and communicating with external stakeholders to discuss policy development and obtain their advice. I see the opportunity as well to play an effective role to facilitate the resolution of issues and to seek co-operation among the parties.

In summary, the department is committed to assessing and measuring results-based performance. Integral to this ongoing process is implementing appropriate continuous improvement strategies and commitment to full accountability for results and for the use of public funds.

I would now like to highlight a few of the achievements and plans of departmental programs. The Workplace Safety and Health Division is committed to partnerships and co-operation as a basic approach to dealing with occupational safety and health matters. The division continues to support and strengthen the internal responsibility system in workplaces to ensure that all parties can address safety and health issues in an effective manner. The division has a number of new and ongoing initiatives such as the redesign of client training courses and support materials, marketing to

build awareness and promote the services of the division and ongoing consultations with stakeholders. These are being undertaken in order to provide more effective and efficient strategies for reducing injury and illness in Manitoba workplaces. The division is also improving targeting key industries through the use of risk management strategies.

Overall, the number of WCB lost-time injury and illness claims and time-lost accident frequency rates have been trending downward since 1986. Annually, the number of traumatic fatalities in both the construction industry and in the primer industries of logging and mining has been falling over the last 20 years. The division has noted intervention success in those sectors which have received focused activities such as logging and some portions of manufacturing resulting in a demonstrable reduction in fatalities, injuries, illness and corresponding cost-savings to employers and in direct Workers Compensation payments.

The Occupational Health Branch is instrumental in a national initiative to establish a standardized Canada-wide surveillance system of farm related hospitalizations and fatalities based on a Manitoba-developed model. The branch is proceeding to develop a comprehensive report on occupational illness and injuries statistics. The health of workers continues to be of concern and information is collected by monitoring hearing conservation program reports, lead exposure surveillance reports, pesticide applicators and fibrogenic dust chest X-ray results resulting in inspections to improve control practices.

The Mines Inspection Branch has developed a national registry of mine rescue capabilities across all Canadian jurisdictions for use should a serious calamity strike. It is also working closely with Energy and Mines and the Petroleum Branch as well as the Environment department to provide one-window shopping service for mining investors. The division has signed a memorandum of agreement with the Petroleum branch of Energy and Mines whereby their staff take responsibility for conducting safety and health inspections on oilwells and rigs in order to rationalize resources between the respective Mines Inspection agencies.

The Workplace Safety and Health branch has successfully obtained the right to hold the 1998 International Farm Safety Conference which is normally held somewhere in the United States.

* (1520)

Eight workplaces in the manufacturing sector had safety audits conducted resulting in more than a 30 percent decline in time-loss accidents and compensation costs. Audits are being introduced as a regular tool for Safety and Health Officers. The division initiated a number of proactive projects aimed at making significant inroads into the time-loss accident rate by focusing on the garment, restaurant and meat packing sectors. A new co-operative ergonomic program was established in conjunction with the Workers Compensation Board, the University of Waterloo and the University of Manitoba to provide free consultative advice to workplaces.

The branch has also initiated a review and redesign of its training materials to bring them up to date with current concepts and has introduced a revised client feedback follow-up form. The Mechanical and Engineering branch has completed the streamlining of all data systems concerning boilers, pressure vessels and elevator inspection programs through computerization to increase efficiency and reduce costs. The branch took a leading role in issuing a removal order for plastic vent pipes in natural gas appliances, thereby averting a potentially dangerous situation in residential gas appliances.

The advisory council on Workplace Safety and Health provides a valuable forum in which labour, management and technical experts can meet and regularly advise the minister. They have recently made recommendations on the mines regulation, fall protection of roofers, scaffolding, accident notification and maximum penalty provisions under the act. They continue to review other areas of mines regulation, agricultural clients' needs assessment, control of infectious disease and the first aid regulation.

The Employment Standards Division has undertaken several new directions to alter many of the traditional methods of program delivery. The use of risk assessment techniques to strategically target specific

issues and sectors for various activities has been one of the primary divisional thrusts to ensure greater levels of client service.

The primary role of the Employment Standards Branch is the promotion and enforcement of fair employment practices for employees and employers. The branch is continuing to integrate a risk-based approach into all of the functional areas. The branch recently reorganized its operation to group field offices into teams with responsibility for specific sectors to better focus on service and preventive activities.

The risk assessment process was found to be effective in ensuring greater levels of understanding and compliance with legislation, since a key component involves the partnering and active involvement of stakeholders in the targeted sector. The development of various processes to resolve claims in a timely and effective manner has resulted in a 15 percent decrease in the number of days to resolve a claim and over 85 percent of claims being resolved without the need for a formal mechanism. This has been accomplished through offering clients alternative methods for claim resolution. A quick resolution process is offered at the inquiry intake stage of a complaint to resolve disputes in a proactive educational manner. Using this process, the branch was able to resolve over 400 complaints in an average time of four days.

A voluntary alternative dispute resolution process established prior to referring a case to the Manitoba Labour Board for adjudication has achieved an 85 percent success ratio and resulted in a 50 percent decrease in the number of Employment Standards referrals to the Labour Board. The branch is also developing public information materials and initiatives in relation to recent changes to The Construction Industry Wages Act which, along with the new regulations, came into effect May 1 and The Remembrance Day Act which will apply as of November 11.

The branch also has responsibility for minimizing the occurrence and/or impact of significant downsizing and closures in the province by providing employees and employers with access to services and programs through the activities of the Labour Adjustment unit. This unit provided services to 38 various adjustment

committees over the last year, assisting 4,200 affected workers. An example of the type of services the unit can provide was the co-funding and sponsoring of a comprehensive community needs survey with the Local Government District of Pinawa to identify retraining opportunities and other issues of importance to the town to assist in the community's adjustment activities.

The Worker Advisor office ensures that workers and their dependents receive the benefits to which they are entitled under The Workers Compensation Act. The office is continuing its focus on improved service levels. Following the assignment of a file, first contact with a client in most cases occurs within four weeks or less. All inquiries are responded to within 24 hours. A focus group initiative was piloted to receive direct feedback from clients and their families to assist in quality service planning. The office also continues to develop co-operative activities with the Workers Compensation Board, resulting in greater sensitivity for all parties in dealing with issues.

The branch is also partnering with various organizations and multicultural communities to deliver educational programs to heighten awareness of The Workers Compensation Act. The Worker Advisor office has achieved notable success in the Workers Compensation appeal process with 64 percent of the issues referred to WCB's primary adjudication level, resulting in successful or partially successful resolution. In addition, 72 percent of issues appealed to the WCB review office were successful or partially successful.

With the amendments to The Pension Benefits Act passed last year, Manitoba became the first jurisdiction to enable the Minister of Labour to enter into multilateral agreements simplifying pension plan administration for companies operating in multiple Canadian jurisdictions. Since then, Manitoba's legislative changes have been used as a model by Newfoundland, and other provinces are considering similar measures.

Our departmental programs also monitor and apply other jurisdictions' best practices where appropriate. The Pension Commission has adopted the risk management model of the federal office of the superintendent of financial institutions. Risk management techniques will guide efficient and

effective utilization of program resources including the expansion of audit activities. As a result of client feedback, the Pension Commission has enhanced its public education materials and communication initiatives such as having all materials available through the Internet and conducting workshops with clients to explain legislative changes. Further client surveys are planned for 1997-98.

I would like to say a few words about the Office of the Fire Commissioner. They have just completed their first year as a special operating agency. This has been a year of challenge and learning for all staff in both the areas of service delivery and marketing of products to nontraditional clients. Numerous partnerships have been developed over the year with opportunities for marketing both domestically and abroad. Contacts have been established in Argentina, Brazil, Chile and The Philippines. Discussions with emergency health are ongoing to transfer the training for emergency medical response and emergency medical technician to the Emergency Services Training College.

In order to best present their products and services, the office will engage the expertise of a consulting firm to assist in the development and implementation of a more in-depth marketing strategy. In order to remain competitive in the market, international accreditation is a top priority. Ten courses offered by the Emergency Services Training College are currently accredited. The review and evaluation process continues to ensure all programs meet these standards ensuring the future demand of all courses.

The combined efforts of the Office of the Fire Commissioner and the Manitoba Building Officials Association in developing courses on the building and plumbing codes are nearing completion. These courses are designed to enhance the knowledge and skills of all local building officials, as well as the construction industry, in administering the codes and will be available in the fall. The office, in co-operation with the Manitoba Association of Fire Chiefs, is reviewing all services provided to address cost reductions and ensure maintenance of public safety. Education and prevention remain the most cost-effective way to meet the fiscal and operational challenges facing Manitobans. This has resulted in the formulation of a five-step action plan. This plan has been distributed to

all municipal fire departments to assist them in developing fire protection systems to meet the individual needs of their communities. This plan deals with public education, fire prevention, incident management, general operating guidelines and fire department training plans.

The Conciliation, Mediation and Pay Equity Services branch has a long tradition of facilitating dispute resolution. The branch seeks to enhance harmonious industrial relations in the province. Its services are seen as vital by labour and management. As of the third quarter in '96-97, 15,000 employees were affected by conciliation activities and 94 percent of the 147 assignments were finalized without a work stoppage.

The Manitoba Labour Board, as an independent and quasi-judicial body, serves as a forum for the resolution of labour relations issues in a fair and reasonable manner and in a way that will be accepted by labour and management. During 1995-96, 53 percent of disputes referred to board officers were resolved without the need for a formal hearing. The board plays an important role in fostering a stable labour relations climate in Manitoba. Recent amendments to The Labour Relations Act have required the board to develop a number of new policies and procedures to ensure that the requirements of the legislative changes are dealt with in an effective manner.

The board is also in the process of updating its communication initiatives, including public education materials and developing and implementing comprehensive information systems to assist in the monitoring and facilitation of processing time.

This completes my opening statement, Madam Chairperson, and I welcome a meaningful discussion of the Department of Labour's 1997-98 program Estimates. Thank you.

The Acting Chairperson (Mrs. Render): I thank the Minister of Labour for those comments. Does the official opposition critic, the honourable member for Transcona have any opening comments?

* (1530)

Mr. Daryl Reid (Transcona): Madam Chair, I do have a few comments that I would like to put on the

record. I would like to start though by joining with the Minister of Labour in recognizing the services of Mr. Tom Bleasdale, the assistant deputy minister who is now retired and the services of Mr. Jim Davidge, who had been in the Conciliation and Mediation Branch of the Department of Labour. I want to join with the minister in recognizing the long-standing service that those two individuals have provided both to the Manitoba government and to the people of Manitoba, and to recognize that long service and to thank them for their efforts on behalf of the people of Manitoba and to wish them well during their retirement years.

I had the opportunity on several occasions to draw on their advice and guidance on issues that were drawn to my attention and I appreciate their efforts in that regard.

My questions that I will have today, Madam Chair, will deal with the various areas of the Department of Labour, too detailed to go into in explanation for the minister. I am sure he knows, or at least through his staff, the areas of questions that I have asked in past years. I have some questions in that regard. We will deal both with policy areas that the minister has talked about in his comments with respect to legislation and other areas. I have some questions that will deal with the Worker Advisor office, Employment Standards, the Workplace Safety and Health, Mines Inspections in particular because of the difficulties that have been encountered over the last year in those particular areas. I know the minister has in an advisory capacity staff that will be available to assist him in that regard.

Since the Office of the Fire Commissioner has been split off essentially from the department into a special operating agency, I will have the opportunity to ask some questions in that regard too. I will be asking some questions as well this year in respect to the Pension Commission, more along the lines of an education for myself but also to ask some questions that may also affect the minister in his future years of income after we both leave this particular job. So I have questions in that area and perhaps he can have his staff assist him in shedding some light on those areas.

So those will be the areas that I will be asking my questions, and Madam Chair, if it is your will, we can call the staff to the table and perhaps we can proceed with the questioning.

The Acting Chairperson (Mrs. Render): I thank the opposition critic for his opening comments. As most of you know, under Manitoba practice, debate of the Minister's Salary is traditionally the last item to be considered for the Estimates of a department, so accordingly we shall defer consideration of this item and proceed with consideration of the next line. Before we do that, I invite the minister's staff to join us at the table and ask that the minister introduce the staff that are present.

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

Mr. Gilleshammer: I am joined here at the table by Deputy Minister Tom Farrell and also assistant deputy minister, Labour Management Services Division, Jim Nykoluk, and from our Financial Services, Mr. Jim Wood.

The Acting Chairperson (Mr. McAlpine): I thank the minister. We will now proceed on to page 99 of the main Estimates book, item 11.1. Labour Executive (b) Executive Support (1) Salaries and Employee Benefits \$378,600.

Mr. Reid: I have a few questions in this area because I believe this is the area that the minister provides for his executive and special assistants. Can he tell me the names of the people that he has in that capacity and what their levels of pay are?

Mr. Gilleshammer: I can tell my honourable friend that I have a special assistant whose name is Ryan Matthews. I am not sure what salary he is at. I believe I am correct in saying that it is somewhere under the starting salary for special assistants. And of course I have an executive assistant at the constituency level, and he is paid within that category. I have one executive assistant and one special assistant.

Mr. Reid: Is the minister telling me then he only has one special assistant and no executive assistant, and is he also referring to a constituency assistant paid under the constituency access fund?

Mr. Gilleshammer: I am telling you that I have in the department a special assistant who works with myself and the department on issues to do with the department,

and I have an executive assistant who is responsible, as most executive assistants are, for constituency matters.

Mr. Reid: So the executive assistant, then, is paid under the department's funding under Executive Support or is it coming out of the constituency access, and what is the name of the individual?

Mr. Gilleshammer: The individual's name is Mr. Derrick Turner. He is an executive assistant of mine who is paid by the department.

Mr. Reid: Can the minister tell me when these individuals came into the service of the minister in the department?

Mr. Gilleshammer: Yes, I joined the ministry in early January in 1997, and Mr. Matthews came on board as my special assistant some time later that month. Mr. Turner has been my executive assistant in my days in the previous portfolio of Culture, Heritage and Citizenship and Minister responsible for Multiculturalism and Minister responsible for the Manitoba Liquor Control Commission. So when I changed portfolios, Mr. Turner remained as my executive assistant.

Mr. Reid: There has been an increase in the Administrative Support budget line item of some \$12,000. Can the minister tell me the reason for that increase?

Mr. Gilleshammer: I am told that this was an adjustment that had been covered off in different ways over previous years. It explains part of it. I believe the assistant to the deputy minister has returned to the department after four years. Her salary was higher than the incumbent's.

Mr. Reid: Perhaps the minister can explain, what does he mean the assistant to the deputy minister has returned? Has the individual been away, seconded to some area, and if so was that individual's position left vacant for that period of four years?

Mr. Gilleshammer: I am told that that individual, who is an assistant to the deputy, was away for a period of some four years and that it was in her absence the position was filled by someone else at a lower level of pay.

* (1540)

Mr. Reid: I have no further questions in that area.

The Acting Chairperson (Mr. McAlpine): 11.1.(b) Executive Support (1) Salaries and Employee Benefits \$378,600—pass. (2) Other Expenditures \$69,700.

Mr. Reid: In that particular section, Mr. Chairperson, can the minister tell me—I guess I should have asked this question under the first area. It was talking about the overtime allotment. Can you tell me what overtime is provided for here? We are in the process here where we have Filmon Fridays, and I see you have time allotment here for overtime. Does that mean that we should not be taking these Filmon Fridays?

Mr. Gilleshammer: I am told that it is not overtime. It is funding set aside for vacation relief.

Mr. Reid: Then would it not be more appropriate in future budget Supplementary Estimates documents to show that is vacation relief instead of the overtime allotment?

Mr. Gilleshammer: I think my honourable friend has made a good suggestion that we will certainly follow up on.

Mr. Reid: No questions.

The Acting Chairperson (Mr. McAlpine): 11.1.(b)(2) Other Expenditures \$69,700—pass.

Item 11.2. Labour Programs (a) Management Services (1) Salaries and Employee Benefits \$1,122,300.

Mr. Reid: Can the minister tell me, are there any vacancies in Management Services Division?

Mr. Gilleshammer: I am informed that there is one vacancy.

Mr. Reid: Can the minister tell me how long this position has been vacant, what the position is, and when he expects it to be filled, if he expects it to be filled?

Mr. Gilleshammer: I am told that the position has been vacant for some eight months and that the work in that area under the reorganization is currently being done by another employee.

Mr. Reid: What type of work was the individual performing? When I say that, Mr. Chairperson, I mean was it in the administrative support, professional-technical or managerial areas?

Mr. Gilleshammer: I am told it was executive support for the former deputy minister who, we had both mentioned in our comments, has just retired.

Mr. Reid: Well, does that mean that the new assistant deputy minister does not require the same type of support service?

Mr. Gilleshammer: I think I indicated that the work is being handled by another individual.

Mr. Reid: So I guess that leads one to ask the question then, if the individual is dispensable now, why was the individual there in the first place? Is there not a workload that would be required in that particular capacity as assistant deputy minister that would require that type of support for those activities?

Mr. Gilleshammer: I think I referenced in my opening comments a considerable restructuring of the department. What used to be four different, separate entities was collapsed to three, and part of the restructuring has led to some staffing adjustments, and I guess I will rely on the advice of my deputy and my assistant deputy. If the work is being covered off because of the restructuring, we will all be satisfied, and if adjustments have to be made further down the road, then we will make every effort to do that.

Mr. Reid: Then I take it that you have reduced your staff years in the Management Services Division from 31 down to 29 this year, and since you have left this job vacant now for some eight months, am I to read into this that you are anticipating a further reduction of at least one staff year as a result of leaving that position vacant?

Mr. Gilleshammer: I think it is premature to make that conclusion. The department is assessing the work

activities, and that assessment will be an ongoing process.

Mr. Reid: What type of work was picked up? I mean, are you saying here that the individual that has picked up that workload was only working at 50 percent capacity before and that you were not getting full utilization out of the skills of that individual that was, I take it, working full time, and that now affords the department the opportunity to shift that workload over to another individual? Are we asking that person to do 200 percent, or were they only working at 50 percent before?

Mr. Gilleshammer: Well, I think, Mr. Chairman, that in the department, through the restructuring, some of the changes were made to be sure that we cover off all the activities we are responsible for. Certainly I do not believe, and I did not say, we had people working part time and being paid full time. I think sometimes when changes are made and restructuring happens, technology comes into play. Sometimes, by just reorganizing, the workload can be covered by the staff that are currently there. Again, I have indicated to my honourable friend that we will continue to monitor that until I hear, and my deputy, I am sure, will monitor it until we hear that there is work that is not being done. We are going to carry on in this method.

Mr. Reid: Can the minister tell me, because there is a managerial line here, you have six staff years showing for this year, one less than last year, is there administrative support or secretarial staff that is attached to those particular managerial positions?

Mr. Gilleshammer: Yes.

Mr. Reid: Can the minister tell me, since we have had some discussion with his predecessor here over some of the legislation that had occurred last session and it involved—because it is my understanding that the department, when they are considering legislation on labour-related issues used to utilize the services, or at least bounce the ideas off the LMRC, whether or not that particular committee is still functioning and whether or not the minister does utilize the services of the people in management and labour to provide some advice to the minister on legislative direction?

Mr. Gilleshammer: The LMRC still exists and I believe has been back and forth with departmental staff. I personally have not met with them.

Mr. Reid: Does the minister know, is that particular body still meeting?

* (1550)

Mr. Gilleshammer: I am told that the committee or part of the committee met as recently as last Monday.

In my opening remarks, I not only referenced the legislation that I have tabled in the House for this session, but also a piece of legislation that we are working on for the next legislative session.

Mr. Reid: Because he said that the body, LMRC, is still meeting, at least in the steering committee capacity, has the minister asked that particular body to provide comment on the legislation that he currently has before us in the Chamber, and since he did mention in his comments that he is looking at changes to The Employment Standards Act—a different named that he has attached to it, but it is still the employment standards area—whether or not the LMRC has been asked to provide some opinion on those particular pieces of legislation that the minister has tabled and is contemplating.

Mr. Gilleshammer: Yes, I guess the answer is that LMRC and parts of it continue to play a role. I am given to understand the legislation that we have brought forward on the Workplace Safety and Health which is going to increase the fine levels there by tenfold was a unanimous recommendation that came out of this body.

As well, the reference in my opening remarks to the employment standards legislation where we are looking at three different acts and trying to perhaps amalgamate that into one act and make some adjustments that are necessary to update legislation, some of which was passed a number of decades ago, the LMRC is going to be asked to make comment on that and assist with that.

Mr. Reid: Can the minister tell me, does he have any plans, since it has been some time now that the Minimum Wage Board has met, does he intend on calling back into service the Minimum Wage Board?

Mr. Gilleshammer: Well, my honourable friend can appreciate that my appointment to this portfolio was just a number of months ago and that we were immediately thrust into a new legislative session with a budget that had been worked on by the department and the previous minister and that we have a reasonably heavy legislative agenda for this session.

I reference the four bills that we have here, and I think that I have one other that was brought forward by the Civil Service Commission and looking at one other, as well, that we may be able to get completed, that I have found my time has been quite taken up with meeting with a lot of the stakeholders who have a great interest in the Department of Labour and the activities that we are involved in.

So at this point, I have not had any time to think about that. None of the stakeholders that I have met with have mentioned it either. I have tried to, again, visit within the department as much as possible and meet with any of the groups which have an interest within the department, and I have been, I guess it is fair to say, busy with these activities that I have just mentioned.

Mr. Reid: Well, I can appreciate the minister has had his portfolio change on him, and it was a very short period of time before we were all brought back to a new session, but it is my understanding that the minister does not have to take that under his own consideration. He has capable and qualified people in his department, I am sure, who can advise him on activities with respect to that particular board and can then provide recommendation to the minister.

I think it should also be interesting to consult with members of the public, the stakeholders that the minister is talking about, and I hope they do come forward. It has been some time since the minimum wage has now been adjusted again. There was quite a number of years before it had been adjusted prior to that. I think it is going back to 1990 or 1991, so there were at least four, five years before the minimum wage was adjusted.

There is a time lag that is involved between investigation and report and any actions that a government may choose to take. That is why I draw to

the minister's attention that there is a period of time here that the particular board would require to put together its investigation and report to the minister; so if the minister would take it at least under advisement to look into the matter and to consider seriously the striking of that Minimum Wage Board to make sure that we keep pace with other jurisdictions within the country, that we do not see a four-year or five-year lag as we saw last time, disadvantaging people on the low end of the working pay scale. I think looking at the amount of income that an individual would earn on that, it is very difficult to support a family.

I know there are trade-offs that take place with respect to how it impacts on the business opportunities in the province versus the opportunities for working people to achieve a quality or standard of living that we would consider acceptable. That is why I draw it to the minister's attention and ask him to consider striking that board to at least have some opportunity to review whether or not there needs to be an adjustment to the minimum wage in the province.

I want to ask the minister with respect to trades certification, because it is my understanding that the Management Services Division is also the policy branch for the department, does provide some policy analysis and research on various issues, whether or not the department is looking at changing the number of trades certification in the province. Perhaps you can give me an update on the number of trades that we have certified here currently.

Mr. Gilleshammer: I am told that while we license individuals such as plumbers and electricians, the training and apprenticeship activities are lodged within the Department of Education.

Mr. Reid: I understand that. There was a change that was made a couple of years ago. How many trades do you license then?

Mr. Gilleshammer: I am told that there are two categories, electricians and plumbers that we license and one category of high-pressure welders.

Mr. Reid: Does the Department of Labour work in conjunction with the Department of Education's Training branch to look at certification? Has any

discussion taken place between the two departments, now that that has been split off from Labour, to look at both the licensing of other trades within the province and to ensure that we have certified tradespeople working within the province, people who are adequately trained and provide both quality and safety services to the public?

Mr. Gilleshammer: I am told that we have two staff that sit on the Apprenticeship Board and provide that input to the board and to the Department of Education.

* (1600)

Mr. Reid: It has been a concern of mine, and I will draw it to this current minister's attention, that there has been a problem that has been drawn to my attention by members of various trades with respect to certification.

Now, you say that is outside of your area, and you only license those particular trades, but it has been drawn to my attention that it may be in the interest of the public to ensure that we have certified tradespeople working within the province to ensure both that we have a quality level of service from highly skilled tradespeople who quite often come into our homes and our businesses and even into this building to provide services to us and that if you have people sitting on that particular board consulting with the Department of Education, that we can try and build on the number of certifiable trades that we have in the province, and, therefore, the number of trades that we have under licence as well.

It may be an opportunity for the department to make sure that the public is well served with respect to both service and safety, to make sure that the proper training goes into the people who we have providing those services in those trades areas.

Mr. Gilleshammer: Yes, I will see to it that staff take your comments and pass them along to the appropriate individuals in the Department of Education.

Mr. Reid: I want to ask the minister, his department—and it was not his bill but it was the former Minister of Labour and his government's bill that was brought in, I think it was Bill 73 last year, The Construction Industry

Wages Act, which was under the responsibility of the Department of Labour.

It is my understanding that that bill has just been brought into effect, so to speak. It has not been that long into effect. Perhaps you can give me the date of when it was advertised through the Gazette, and can you tell me who monitors the effect of that particular act's changes?

Mr. Gilleshammer: The act that the member is referring to I believe came into effect on May 1, and I am told that staff within Employment Standards are tasked with monitoring it.

Mr. Reid: Can the minister tell me, because it is my understanding—and I think I have some documents here that deal with The Construction Industry Wages Act. There are the three booklets that you put out to the tradespeople that act more or less as a guide. I know that the legislation takes precedence over these booklets—because there is a level here. Can you tell me, what level are the apprentices who work in the trades that are affected by this act? What level of pay do they receive for their first year, their second year, third year, fourth year, not level in the sense of dollar values but, it is my understanding, as a percentage of the journeyman rate.

Mr. Gilleshammer: I am told it starts at 60 percent of the journeyman, and then it works its way up over a number of years.

Mr. Reid: Do you have a breakdown for years two, three, and four?

Mr. Gilleshammer: I am told that we do not have that available now, but we can get that information for the honourable member.

Mr. Reid: I need to ask the minister a question here with respect to the new Construction Industry Wages Act, because what that act did was effectively take the house-building sector out of consideration under the act, where The Wages Act would take effect for those who are employed in the house-building sector.

Because there is now no regulation on wages for those who are employed in that sector, it is essentially

left up to the free market to determine and for those who should they so choose to work in that area, whether or not they are willing to work for what level of wage.

Can the minister tell me what effect it would have if an employer was to have a journeyman work for—pick a number here because the minimum wage is \$5.40 an hour—say, if they were to hire somebody for \$6 or \$7 an hour, is it conceivable that an apprentice could be hired for 60 percent of the journeyman rate?

Mr. Gilleshammer: I am told that in practice that is not the case.

Mr. Reid: What is to stop an employer hiring a journeyman at \$7 an hour, and then based on the apprenticeship starting rate being 60 percent, having those apprentices work for 60 percent of that journeyman rate?

Mr. Gilleshammer: I believe if I understand my honourable friend, he is saying under the scenario he describes that an individual would be working for something less than the minimum wage, and I am told that cannot happen.

Mr. Reid: So the minister is telling me then that the minimum wage act provisions take precedence over the apprenticeship area.

Mr. Gilleshammer: That is the advice that I get from my department.

Mr. Reid: Then can I make a request to the minister and the department because there appears to be some confusion that has been drawn to my attention as recently as two hours ago for the second time. There appears to be some confusion within the construction industry, at least by some members and I am talking employers here, on what act takes precedence with respect to apprentices working at what level of pay.

I think it would be in the interests of the public, both the employees and the employers, to know that, because it may be—we have not had enough time yet since this only came into effect May 1—a result of your changes to The Construction Industry Wages Act that there will be downward pressure on the house building

sector since it is no longer covered under that act, and the wage levels are left to float, that if they do float downward from the current level where they had been, some employers may be confused over what takes precedence, whether it be the minimum wage act or the areas that affect the apprenticeship that say you can hire an apprentice at 60 percent or a sliding scale up to 100 percent until they complete their apprenticeship, to advise the public, both employers and employees, of which act takes precedence.

Mr. Gilleshammer: We certainly will endeavour to do that. If it is a widespread problem, it has not been brought to the department's attention at this point, but we can make some effort to have that information provided. If he wanted to have someone from the department contact directly the two people that indicated to you that there was some confusion, we will certainly have senior staff talk to them within the next short while. Thank you for that.

* (1610)

Mr. Reid: I thank the minister for that undertaking, because I did not know the answer. I am still worried about the effect on the house-building sector. I mean, all of us would like to have a safe home to live in, for those of us that can afford it, and we want to ensure that those homes are constructed in a safe and quality way.

As I raised during my comments with respect to the legislation last year, my concern is that we are going to see downward pressure on the wages of those that are employed in that particular sector and that we may see less qualified people moving into that area, as the higher skill-level people would move out to other areas, perhaps directly in construction, that would be affected by the higher wages and then want to stay in those areas so they can maintain their standard of living. This should cause us all concern, that we will see less skilled people working in the house-construction sector. Those were the concerns we drew to the attention of the previous Minister of Labour and the government last session when they brought Bill 73 forward.

It is my understanding, in talking with this particular employee that I passed on the name and phone number for, that is a very serious concern for that individual who owns that particular company. He is going to have

to compete now and drive down the wages of his people when he has been paying them under the wages act of this province. He tells me he has been one of the fairer employers and treated his people fairly, but now he sees that he is going to have to start undercutting the wages that he is paying his people. He is very worried about what the repercussions or the ramifications are going to be for his particular business.

So perhaps when you do make contact, you can have some discussions with him in that regard as well, because it is a very serious concern for that particular employer. I take it from his comments to me, again today, that there are other employers that he communicates with that are in the same position. We do not want to see that particular industry devastated with respect to the people that are employed in it or the standard of living that people achieve working in that particular sector of the economy.

Mr. Gilleshammer: Well, I thank my honourable friend for those comments, and we will make every effort to make contact within the next day or so.

Mr. Reid: I thank the minister for that undertaking. Can the minister tell me: Is his department involved in any way, perhaps in conjunction with the Department of Industry, Trade and Tourism, to ensure that the jobs that we have, the nearly 1,000 high-skilled, high-tech jobs that we have at Bristol Aerospace are protected and do indeed remain within the province? Is the department playing a role in protection of those jobs in that particular industry?

Mr. Gilleshammer: Yes, I am told that one of our senior staff, Mr. Jim McFarlane, who is the executive director, Employment Standards Division, has been meeting with the committee set up by the Canadian Autoworkers to review that situation.

Mr. Reid: Can the minister tell me what progress has been made? What can he report with respect to the pending sale of Bristol?

Mr. Gilleshammer: I am told that we have no information on the status of a sale.

Mr. Reid: Does Bristol Aerospace communicate with the department? Are they allowing the department to

be involved in the process of that sale to ensure that the jobs are protected and they are not siphoned off to some other location?

Mr. Gilleshammer: I am told that we have not been consulted on that. We are talking about an international company, of course, that has not consulted with our department about their plans for either acquisitions or sales of parts of their holdings.

Mr. Reid: Well, that is unfortunate. I am going to be up front with the minister here. When discussion happened a few years ago, and I am going back to 1991 now—I am starting to sound like I have been here a long time—we had sensed that there was some hope on the horizon when the discussions started to occur around the Winnport project.

If you look at the potential loss of the Bristol Aerospace jobs and the comments that were made by the management of the Boeing company when there was that workplace dispute there last year and the potential of those job losses, both in high-tech areas, it would not seem unreasonable to me to have the government of any political stripe interested and playing an active role as much as possible into preserving those particular jobs, whether it be for the jobs for the people living in the area of west and northwest Winnipeg, but those people come from all parts of the Capital Region.

We want to make sure that those jobs are retained here, and if we are not playing an active role—I mean, that company Rolls Royce which owns Bristol and is now wanting to sell it because the defence contracts are essentially ending after they have achieved probably hundreds of millions of dollars of profit out of the operations, that does not seem to be a responsible step from my perception of the company.

Now, they may want to offload it because they do not see a future for themselves of the same magnitude that they have seen in the past, but you would hope that they would be responsible to want to protect those jobs. If the government, both through the Department of Labour and Industry, Trade and Tourism, can play a role in facilitating the process to make sure that that industry stays here and that we find a buyer that wants to keep the operation a going concern here within the

province of Manitoba, one would think that the Department of Labour would want to play an active role in that process.

So I have to ask the minister, what level of effort has the department made to push Bristol and Rolls Royce, saying that we want to be an active participant in the role to make sure that those jobs are protected and remain here in the Capital Region?

Mr. Gilleshammer: Well, I think all Manitobans and all members of the Legislature are certainly interested not only in job retention but job creation as well, to have the economy of this province grow even further.

The Department of Labour, I have indicated, has not been involved, but I think there are other departments and agencies of government that are more closely aligned with activities to do with businesses. I know that, for instance, the Estimates for the Department of Industry, Trade and Tourism are on at this present time, and I am sure capable colleagues of my honourable friend are there asking questions, and it will be a more appropriate place to put those questions.

Just on the subject, though, I would be interested in what measures or levers my honourable friend would suggest to retain any company that might be contemplating downsizing or moving, whether it is Boeing, Eaton's or other companies that are looking at their activities not only in Manitoba but across the country. What sort of policies or levers would my honourable friend suggest that a government employ?

* (1620)

Mr. Reid: Well, I guess there is a risk that this process can degenerate into a lower level of debate and discussion here, and I do not want to pursue that course of action. I want to do it from a constructive point of view. I have tried to operate the Estimates process in this department and others that I have been involved with to try and find ways or solutions.

The minister has at his disposal in an ability or capacity to advise him a significant number of people both within and external to his department. I do not have those resources available to me. I was hoping that his department would be able to provide that guidance to him, both in conjunction with the plant's operations and also with the other departments of government.

I sense from the comments of the Minister responsible for I, T and T, which is currently in Estimates in another committee room here, so I cannot be privy to the discussion that is taking place there, but from the discussion that has taken place within the Chamber itself during Question Period, that item is just floating along with regard to the Bristol sale, and no one seems to be in control. I am not saying that in a negative or derogatory way about the minister who is there. It is just an observation that I make based on the questions that have been asked and some of the answers that have come as responses, and that worries me.

We have nearly a thousand high-tech jobs that are involved, and if one department that is supposed to be in charge is just floating along, I am hoping that some other area—and I am looking to the Labour department to kind of pick up the slack because I do not want to lose those jobs. I do not think any of us want to lose those jobs, and if there is even the smallest role that we can play through the Department of Labour to protect those jobs, the high-tech aerospace industry, I think that we should be taking those steps to protect those jobs.

That is why I ask the minister to involve himself or to keep himself informed and to find out where the department can play a role in protecting those high-tech jobs.

Mr. Gilleshammer: Well, I appreciate that, and I, too, would like to continue on a high level of debate. I was just going to suggest if there were suggestions that my honourable friend had, I would be pleased to take them to the Minister of Industry, Trade and Tourism (Mr. Downey), to take them to him as suggestions from the member for Transcona and be sure that any ideas or concepts that my critic has would be passed along to that minister.

Mr. Reid: I will leave that, Mr. Chairperson, to the minister and hope that he will leave no stone unturned in his efforts through his department to make sure that both Bristol management and the Rolls Royce owner know that the government and the people of Manitoba are serious about retaining those jobs here. I have raised it here for the minister. I am hoping that he will take it under advisement at least.

I want to ask a question going back to the policy portion here because the minister talked a short time

ago about possibly other changes coming to legislation. It has been drawn to my attention in a verbal way that there is some problem dealing with architects and engineers where engineers are now approving building designs.

Is the government contemplating any legislative changes that would impact upon those who are involved in the field of architecture that would allow for engineers to be given the opportunity, if they do not currently possess the legal requirements, to approve building designs in the province?

Mr. Gilleshammer: Well, I guess, there has always been in professional organizations and professional societies certain turf that is staked out, and I know that organizations like that meet from time to time to try to clarify their roles and iron out any difficulties.

There have been some discussions about some professional bills, and I know that the executives or committees of those organizations have had meetings recently to try and clarify their roles.

Mr. Reid: So does the minister contemplate that the parties will be able to work out their differences in this regard, or does he anticipate that he will be bringing forward legislation in this regard to make the changes that he may be getting requests for from one particular sector?

Mr. Gilleshammer: Well, it has been my experience that with good will amongst parties like that, that they would be the best qualified to work out any difficulties that they have.

Mr. Reid: Then I take it that the minister is not contemplating any legislation at this point in time in that regard.

Mr. Gilleshammer: There have been some discussions taking place on a professional bill. If the details can be worked out, we may well be able to bring something forward.

Mr. Reid: Under legislation that is currently in place in the province, who is legally entitled to pass on building design specifications?

Mr. Gilleshammer: Well, my honourable friend has cut to the chase, and certainly that is the issue between engineers and architects, and it is the issue that I think they are in the process of trying to resolve between the two of them, that there is an area there of I suppose some professional dispute from time to time about what engineers do and what architects do, and I am told that their discussions are advancing quite favourably.

Mr. Reid: Well, to go back to my original question here, Mr. Chairperson, which was on the legislation that is currently in place in the province, who is legally entitled to pass on blueprints, design documents, building designs, prior to the construction? Is it the engineers or is it the architects under the current legislation?

Mr. Gilleshammer: Well, I believe there is a gray area there that both engineers and architects lay some claim to and have to work through from time to time. My understanding is that the legislation is not crystal clear on that issue. Current legislation is not absolutely clear.

Mr. Reid: It is my understanding that this matter, if it is not already, could be before the courts. If it is before the courts, is the government playing a role in that process? Are they an intervener in any way?

Mr. Gilleshammer: No.

Mr. Reid: So, then, if there is a gray area that is involved in this process, would it not seem reasonable to expect that the minister, in conjunction with stakeholders that are involved in this process—and you say they are in discussion now—would want to take the steps to correct legislation to ensure that there is some clarity, so that those coming along in the future will know what the responsibilities are for each of the parties, for all of the parties including the government?

Mr. Gilleshammer: That would be a preferable course of action.

Mr. Reid: I guess environmental assessment is also another area in dealing with these projects. It is not only the architects and the engineers, I guess. Would it be the Department of Environment that would do the environmental assessments on these projects?

Mr. Gilleshammer: I am told the member is correct.

* (1630)

Mr. Reid: When you are dealing with landscape architects, are they involved in this process? What role do they play?

Mr. Gilleshammer: I am told they come under The Architects Act.

Mr. Reid: When the minister is talking to the building architects and to the engineers who are involved in the design of these buildings as two of the stakeholders, have you had any discussions or have you included the landscape architects as well?

Mr. Gilleshammer: The discussions that have taken place have been between the engineers' organization and the architects', and the department has not been a part of those discussions.

Mr. Reid: So you are hoping then that those two parties will work it out, even though it is my understanding that the landscape architects may not be involved in the discussion as the third stakeholder in this process. Would it not seem reasonable to expect that all the stakeholders should be involved in the discussion?

Mr. Gilleshammer: Well, again, I am not privy to whom the architects and the engineers have brought under their umbrella to be part of this discussion, but I know that those organizations have been in discussion in recent days.

Ms. Jean Friesen (Wolseley): Mr. Chairman, I wanted to ask some questions about the prospective legislation of the new professional engineers act. That is the topic we are on, the line that we are on, and it does deal with the landscape architects.

I have just been following the last couple of exchanges with the minister, and am I understanding the minister correctly to say that the landscape architects come under The Architects Act, and, hence, is it his assumption that the negotiations that are going on between architects and engineers, which I think he said discussions are advancing favourably, that in a sense the architects are negotiating for the landscape architects?

Mr. Gilleshammer: We have no knowledge of just who has been part of that umbrella other than, I believe, it is the architects' society and the engineers' society that have been having these discussions.

Ms. Friesen: Is the minister aware of the concerns of the landscape architects about the prospects of the new engineering act?

Mr. Gilleshammer: They have not contacted me. I do not believe there has been any correspondence through our offices in that regard.

Ms. Friesen: When the minister began the process within the department of initiating changes to the professional engineers act, what was the process for dealing with that? Who was involved in making submissions, and did the minister go out to meet with specific groups, and, if so, were the landscape architects part of that, or were no groups met with? What was the process?

Mr. Gilleshammer: I think it is fair to say that the impetus for this came from the professional organizations as opposed to the department, that they have brought forward certain requests and ideas to look at the relationships that exist between engineers and technologists and architects and so forth.

In fact, I guess I have met with them only once. Actually, they have contracted to have somebody do some draft legislation, and it is really an issue that comes from their particular field of endeavour.

Ms. Friesen: Just for clarification, when the minister says their, and the associations, are you referring to anything more than the engineers' association?

Mr. Gilleshammer: I guess another party to the discussions has been the technicians and technologists.

Ms. Friesen: Is the minister anticipating a special piece of legislation or a dedicated piece of legislation for technologists, and I am thinking along the lines of recent Saskatchewan legislation on technologists.

Mr. Gilleshammer: That has been a part of the discussions.

Ms. Friesen: Has the discussion focused upon a separate act for technologists?

Mr. Gilleshammer: It is certainly one of the options that has been presented.

Ms. Friesen: Is the minister intending to bring forward in this session the new professional engineers act?

Mr. Gilleshammer: Perhaps.

Ms. Friesen: I do not know if the minister has ever heard the program Twenty Questions. You know, I feel like I am asking animal, vegetable or mineral here, of which "perhaps" is one of the answers.

Mr. Gilleshammer: Well, if you want me to answer precisely questions that have not been precisely addressed yet within the department, I cannot do that. I am trying to give you as much information as I can. I think the honourable member knows that when things are in process, you cannot be as precise as the member would like us to be.

Ms. Friesen: Well, what I had understood was that the engineers were under the assumption that this act was coming forward this session, and within recent days, in fact, that such a decision has been on hold, and so having the opportunity to speak to the minister directly here today, it seemed to me that that was a question that at least was on a few people's minds.

So the answer then that the minister gave me is essentially that it has not yet been decided.

Mr. Gilleshammer: Well, that is correct. I think there are many hurdles that have to be overcome in terms of drafting any piece of legislation, and that has to do with at times just the capabilities of drafters to get something done, translators to get translation done, and then trying to iron out those issues that are still on the table.

The deputy Leader of the official opposition would know that we do have certain deadlines that we have to try and meet. We try to accommodate stakeholders and other members of the Legislature by having bills tabled in a timely fashion that allows some time for debate. If some of the difficulties can be ironed out, and if the drafting and the translation can be done in the next while, we may well come forward with an act or some acts.

Ms. Friesen: Well, of course, we are also aware of the reduction in staffing in the civil service and the difficulties that this does pose for speedy and easily accessible translation and drafting of legislation, and we know, of course, that the government has gone to outside contracting for drafting of legislation which does offer different challenges, shall we say, for the minister in meeting deadlines. So I think those are probably also issues as well.

But I wanted to ask the minister, given the fact that it is still possible that such legislation may be introduced this session, whether he will be available within the near future to meet with landscape architects who have concerns about this.

Mr. Gilleshammer: If a request is made and if time permits, I would certainly do that, try to meet with any and all of the stakeholders that relate to this department, and I have enjoyed the interaction with them to date.

* (1640)

Ms. Friesen: I was happy with the response, but I am not sure that I understood the last section. I understood the minister not to have yet met with landscape architects and not to have been approached by them.

Mr. Gilleshammer: That is correct. I was speaking in a broader context, and in discussions that were held here prior to your arrival we talked about meeting with stakeholders on legislation and also stakeholders who wanted to meet on issues that have to do with this department. To date, I have, I believe, met with any and all who represent unions, management and other issues that sort of come through our department.

All I am saying is that if time permits, my practice has been to try and meet with any and all stakeholders.

Mr. Reid: I would appreciate it, Mr. Chairperson, if the minister would undertake to meet with the stakeholders prior to the tabling of any legislation to ensure that they are aware of or have had the opportunity to have some input into whatever legislation he may be contemplating in that regard, prior to its tabling, so that they are aware of what the effects will be and provide the department with some guidance.

I want to ask the minister questions that are in the next section, so I have no further questions in this particular section. I think it is 2.(a) we are in now.

The Acting Chairperson (Mr. McAlpine): 11.2.(a) Management Services (1) Salaries and Employee Benefits \$1,122,300—pass; (2) Other Expenditures \$288,000—pass.

11.2.(b) Mechanical and Engineering (1) Salaries and Employee Benefits \$1,489,000.

Mr. Reid: Can the minister tell me how many vacancies are in this department, Mechanical and Engineering?

Mr. Gilleshammer: I am informed there are two vacancies.

Mr. Reid: Can the minister tell me in what capacity, which area, these jobs are vacant?

Mr. Gilleshammer: I am informed that the vacancies are in the area of boiler inspector and gas inspector.

Mr. Reid: That seems to be a fairly critical area. I just think back to my own community dealing with schools where we have some of the maintenance staff now working on a part-time basis or rotating from school to school and who are not there to oversee the operations of boilers. At least that is the way it had been for a period of time, and now you say you have vacancies in boiler inspectors who would go out and inspect these particular operations.

Do you anticipate that you are going to be filling these vacancies in the very near future?

Mr. Gilleshammer: Yes, I am told that a boiler inspector will be returning to work after leave at the end of this month.

Mr. Reid: Is there no way that you have available to you now—I understand that there are human conditions that apply in any management situation where you have people who leave service or need leaves of absence, or there is vacation. Do you not have people who fill in that capacity for those particular inspectors?

Mr. Gilleshammer: Well, from time to time, people do take leave for a number of reasons. Certainly, in operational matters like this, we rely on our staff to be comfortable that the activities are being handled in an appropriate way.

Mr. Reid: That did not really provide me with any level of comfort knowing that the position has been vacant for some time.

Can the minister tell me why you have eliminated the chief technical officer's position in a department that obviously affects each and every one of us in the province in the buildings that we either work or live in?

Mr. Gilleshammer: I am told this was an administrative position that was vacant, and the workload has been redistributed amongst a number of other staff.

Mr. Reid: How long had it been vacant?

Mr. Gilleshammer: I am told the position has been vacant for upwards of nine months.

Mr. Reid: Is there a policy within the department or that is provided to the minister, perhaps through cabinet, that says that you have vacancies within a department or jobs that come vacant that those jobs are held open pending further decision? Is there a policy that the government has with respect to vacancies?

Mr. Gilleshammer: No, there is no policy.

Mr. Reid: Then if you have had that job vacant for that long, it leaves me to wonder why you had a person in that job, what role they were playing in the past when there was someone in that capacity. Can you explain why you have decided to amalgamate those functions into other people that are remaining employed in that particular department?

Mr. Gilleshammer: Well, I guess, there are a couple of explanations for changes within the department. I spoke in my opening comments about the restructuring that took place within the department and where we collapsed four separate identities into three; secondly, changes in technology allow departments to administer their activities in a different way, so it was the belief of

our senior managers that these functions could be handled through the restructuring and that these activities would carry on in that way.

Mr. Reid: So you have two positions that are vacant and you have reduced two other people in the department, and you are going to fill one of those vacancies by a person that is going to be returning to work within a month or so. Is that accurate?

Mr. Gilleshammer: Well, yes, one of the people, I believe it was the boiler inspector, who was on a leave is going to be back before the end of this month, within the next week or two weeks.

Mr. Reid: Can the minister tell me, on the managerial position—it is under mechanical engineering—is there administrative support secretarial attached to that particular job?

Mr. Gilleshammer: Yes, there is shared support in that area.

Mr. Reid: When you say shared support, you say like in a pool or is a person assigned to support the manager?

Mr. Gilleshammer: I am informed it is a pool situation.

Mr. Reid: Can the minister tell me, am I understanding this correctly? When he has reduced the Other Expenditures—and I am going to try and collapse these two, Mr. Chairman, into both to try and move this along. He has reduced some of the expenditures. Is that because there is elimination of the positions, and that is why you see there is less of the other costs that are involved with respect to supplies and services, communication, et cetera? Is that why you have been able to cut back?

* (1650)

Mr. Gilleshammer: Yes, I am told by the department that there is less accommodation space required, and as a result, less resources are devoted to that area.

Mr. Reid: I drew this to the previous Minister of Labour's attention last year during Estimates with

respect to elevator inspections, and it had been drawn to my attention that we had, in the city of Winnipeg here at least, elevators operating without current certificates. Can you tell me what process has been occurring to correct that situation and whether or not all the certificates that are currently signed by this Minister of Labour or his predecessor are current?

Mr. Gilleshammer: Mr. Chairman, I am told that the department is comfortable that the inspections have been done, and that the certificates are delivered to the building managers and building owners. There may be occasions when they are not immediately put up; that may not be their top priority, but the department informs me that they are comfortable the inspections are done on the appropriate basis.

Mr. Reid: Well, it had been drawn to my attention that—and this is going back about a month now—there were elevators that were in public housing here in the city of Winnipeg that did not have current certificates. Now, one would think that in a government-owned facility at least we would have current certificates. I understand that there are a significant number of elevators that you need to ensure that the proper inspections are being done, and it is my understanding, at least it was explained to me last year by the Minister of Labour, that it is up to the building or the property owner to ensure that the elevators are inspected and that they are up to standards.

I guess I have to ask the question here, if we do not have certificates in place so that when the public uses those particular elevators, what is the purpose of the certificate if it is not to ensure that those elevators have been inspected?

Mr. Gilleshammer: I thank the member for the question. Certainly this is a very, very important function that staff members within our department perform, and if there are public buildings, public housing units where the member has had concerns expressed to him, if he would like to pass them on to myself or the department, we will certainly ensure, not only that the inspection has taken place, but that the managers are encouraged to get that certificate up.

Certainly most of these elevators are here in the city of Winnipeg. I am aware of probably one or two in my

constituency, and they are inspected. We do hear the concerns and complaints when those elevators are not functioning.

I will just use one example. In Minnedosa, the Town View Manor is a beautiful six-storey facility that was built a number of years ago with one elevator. I think the elevator is 23 years old at this time, and when it is not functioning you have got elderly people, some of whom have been panelled for the personal care home, having to get assistance to get up and down six floors of stairs. It is not only not good for their health, it is almost impossible. There have been times when those people have had to be carried up or down so that they could get to their living quarters. It is not a shortage of inspections. It is, I suppose, capital requirements that are necessary to remedy the situation, but in a facility like that where only one elevator exists and where people do not have the energy or the health anymore to climb the stairs it is very critical. There have been times when some of those people have had to be housed overnight in other facilities because they simply cannot climb those six floors.

It is an important function that our department plays in inspecting these elevators, and I take the member's concerns very seriously. I am sure that in the fine constituency of Transcona there would be many, many elevators which would come to the member's attention from time to time. I know that, well, the member always checks them. That is good because they are vital in those facilities. I know that I have at least one elevator in my constituency and it does not work very well.

So we will endeavour to, if the member gives us the addresses, the places, be sure that they are inspected appropriately and that the appropriate certificate is delivered to them. If they need a little encouragement to change the certificate, we would even do that to be sure that not only does the elevator work but that it gives people like yourself and the residents there the comfort to know that in fact an inspection has taken place.

Mr. Reid: That is fair. I thank the minister, and I will endeavour to get that information over to the department.

Before I leave this section, Mr. Chairman, I want to thank the department for their efforts with respect to the furnace vent pipes and the notification that you put out to the public. It was important. We had a similar issue a number of years ago with respect to the Flame-Master furnaces where notices were made available, but I do not think as widely distributed as this information was.

I find that, at least in my own community, I cannot speak for others, people are very receptive and have indicated their pleasure with respect to at least knowing, so that if you have those furnaces that use that particular type of equipment that they can at least provide for the safety of their families. So I thank the department for providing that information to the public, and I think if there is an opportunity perhaps, for myself at least, and I do not know if the minister is contemplating this in his own constituency, but advising the public directly by direct mail, because sometimes the notices do not always get read if they are in the newspapers, where a direct mail piece—and I know the department cannot undertake to send it to every home in the province—but perhaps each of us as MLAs can undertake to inform our own constituencies of those safety matters.

I have no other questions in this area.

Mr. Gilleshammer: I am pleased that the member acknowledges the efforts of the department there. It can be a very serious situation of safety within the home, and it is often kind of difficult to get everybody's attention on something like that. All of us get a lot of letters and flyers and brochures that come into our homes. I found particularly the rural newspapers did an excellent job, and I know the member for Dauphin (Mr. Struthers) would certainly subscribe to that, that rural newspapers probably ran the story twice to be sure that they drew it to the attention of citizens in those communities.

But the member for Transcona does flag an issue there is how you communicate with people when you are not absolutely sure who has the faulty vents, and you have to do sort of a blanket coverage and rely on the media to inform those people without alarming them and frightening them. We also, of course, had the concern that there were companies who were coming to town to fix this for everybody too, and we did not want

our concerns being used as a springboard for someone to change everybody's furnace pipes and do work that perhaps was not required. So there is always that question of communication; there is always that question of balance. But certainly the member for Transcona is absolutely right in saying the department took this very seriously, and we attempted in a number of ways to bring that issue to the attention of the public and see that the public was aware of it.

Then, of course, you are always competing with other activities that are happening within the city, within the province at the same time. In this case, it happened to be an impending flood. It was not always easy to get somebody's attention on it, but the department was, I think, extremely vigilant in drawing this to my attention and to the attention of the public and designing ways to get that message out there. So I join with my honourable friend in congratulating the department in doing a good job on this.

Mr. Reid: Mr. Chairperson, I have no questions under 2. (b).

* (1700)

The Acting Chairperson (Mr. McAlpine): 11.2.(b) Mechanical and Engineering (1) Salaries and Employee Benefits \$1,489,000--pass; (2) Other Expenditures \$395,900--pass.

The hour being 5 p.m., time for private members' hour, committee rise.

* (1430)

INDUSTRY, TRADE AND TOURISM

The Acting Chairperson (Mr. Gerry McAlpine): Order, please. Will the Committee of Supply please come to order. This afternoon, this section of the Committee of Supply meeting in Room 255 will resume consideration of the Estimates of the Department of Industry, Trade and Tourism.

When the committee last sat it had been considering item 10.2. Business Services (b) Financial Services (1) Salaries and Employee Benefits on page 88 of the Estimates book. Shall that item pass?

Hon. James Downey (Minister of Industry, Trade and Tourism): Mr. Chairman, yesterday I said I would table the sidebar agreements on the labour and the environment. I am doing that at this particular time for the committee, and members of the House will get it through a committee.

The Acting Chairperson (Mr. McAlpine): I thank the honourable minister for the submission that he has made to the committee.

Mr. Tim Sale (Crescentwood): I thank the minister for that commitment and the fulfilling of it so quickly. That is great, and I will appreciate the opportunity to read them. They are much longer than the versions I have, so obviously what I have is not complete. I think that is a good thing that all members will have the opportunity to read those agreements.

When we adjourned, I was raising some concerns that a number of people have about the Isobord project. I want to open by just asking the minister again to catch us up to where we were when we left off about the question of the technology involved in Isobord. It is technology which was patented initially by Bison in Germany, and their process involved the use of formaldehydes, which was a problem with gassing off that I guess everybody is familiar with now because of the urea formaldehyde problem of some years ago with foam insulation.

Isobord did a lot of research and development work, including work in Duluth and the University of Alberta to perfect the use of methyl-di-isocyanate as the bonding agent instead of formaldehyde-based resin. That apparently has been proven and is patented now by Isobord, and that is a good intellectual property development on behalf of this company which has spent a lot of money doing that.

The question that I am trying to get some clarification on was first whether this technology, particularly the continuous process with the very high-pressure presses, has been proven on a production basis or whether this will be the first and currently only installation in the world of this process, and what guarantees have been advanced by the supplier of the machinery in terms of the rights and needs of the investors should this process

be found to be not so efficient or not so inexpensive as is being claimed by the manufacturer?

Mr. Downey: I am not a technical person as it relates to having full expertise in the whole process that is being carried out; however, I have some confidence in the fact that not only have we seen the potential purchasers of the product be part of the program, we have seen the reviews done by all the investors, including the banks, including the pension fund investors. There are a considerable number of investors that have substantially more monies in the project than we do. Again, I am confident that enough expertise has been brought to the table, and through tests and through work that is being done, that they will be able to proceed and to carry out the project successfully.

Again, where I find considerable comfort again is the fact that two companies that I am aware of that are potential purchasers of the product are very strongly supportive of it. That gives me considerable comfort. One particularly, I met with the company personally. The discussions as to the finished product were quite a bit of that meeting. They were not satisfied with the information that was available at that particular juncture, but there was a follow-up test work done—I think it was by the Alberta Research Council—which, in fact, came back and clearly demonstrated that the product was what they were looking for. That is not so much related to the actual continuous process that he is talking about and/or the operation of the machinery. That may fall into a little different category. But the end result, as I understand it, is of very top quality and acceptable, not only to those two industries but could well have a greater value to it for further industries.

Again, my answer is that I am satisfied that those other investors and I am satisfied that our departmental people, those people who are responsible for the project from our side, have and are knowledge-based as it relates to the operations of the machinery and the product that will be produced. Goodness knows, there is an abundant supply of raw product. I am sure that they will take some time to commission the plant to make sure that all of the things are done, but I think the principles are solid. The question of whether or not the product can be bound and put to a satisfactory market, those things have all been accomplished. Production runs of the magnitude that they are talking about, I am

sure will take some time to make it, as one would expect, fully operational and efficient. I have no reason to think that it can be anything but successful.

If the member has some information that would question that, then he should produce it and provide it. However, I think the time that it has taken to get it to this stage, a lot of that work has been done, and I am satisfied the right people with the right background and with the right objectives have been working on it.

Mr. Sale: Mr. Chairperson, the one plant in North America that is operating that I am aware of is in Wahpeton. Ed Shorma is the owner and he runs a cabinetmaking company associated with the plant. He is basically using probably 75 percent of his output internally to build his products and selling a small amount of it on the market. It is a different process in terms of the production process. It is different machinery. It is a completely different approach to the actual manufacture of the board.

I agree with the minister. I am not an engineer. I have seen the product. It is visually impressive. It looks like it holds screws and it looks like it is machinable. It looks like it has all the qualities that Sauder wants when they agreed to prebuy about 50 million square feet a year, I believe, with ability to move that up, but I think the minister probably knows that Sauder's letter of agreement is on a price-at-the-factory, meets-quality-standards basis. It is not on the basis of taking a risk on the equity side of the operation. Sauder is an enormous company with enormous needs for board, and they will get their board wherever they have to get it to stay in business. So what they are saying to Isobord is, if you can produce a board at our factory price at the gate, meets substantially the specs, we will buy it from you. That is what they are agreeing. They are certainly not taking a risk on the equity, at least not as far as I can see from the funding package.

* (1440)

So my question to the minister is, Stone-Webster has bonded the fixed price contract, said we will deliver this plant finished for this price. Presumably, they will meet that or they will have to pay. That is fine. That protects investors from cost overruns. Has anyone, has

any company bonded the production technology so that there is some protection for investors in terms of the production technology meeting its advertised goals?

Mr. Downey: I do not know that answer to that, Mr. Chairman. They may have. I guess I am of the belief, again, that I said a lot of qualified people have been involved in the process of the development of this plant from the banks through the equity fund investors who have spent a considerable amount of time with their engineering people, with their expertise, determining it. The province has been working with those individuals and, again, has got the comfort from the information that is provided. As far as specific bonding of the process, I do not believe that is in fact in place or probably if it is, I am not aware of it.

Mr. Sale: Mr. Chairperson, but surely that is exactly the biggest risk in the project. Cost overruns are an item that is always important, but they at least have an end. If a process does not work, it does not have any end at all. It is simply a lost, sunk investment that goes down the tubes. I just remind him that the machinery installed in Wahpeton has never reached the advertised 95 percent capacity. It is not much above 75 percent. The all-sell process that Repap was so proud of and attempted to bring in, they wrote off \$125 million a few weeks back in the attempt to put that in place in New Brunswick.

The public funds that are at risk here are well in excess of the \$27 million advertised because Vision Capital is also one of the investors here and Vision Capital is a provincially supported investment company. So we have a significant amount of money at risk—\$30 million, I would say, of public funds at minimum, and I would think that it would be prudent to say who is guaranteeing this process will work or else they take the fall, not us.

We know there is a market. We know it is a superior product. That is not at issue. We know it is environmentally friendly. We know that the isocyanate is a better bonding agent than the formaldehyde based resins. Those things I have no quarrel with. Environmentalists agree. I have asked environmentalists, I have asked the farm people about the need for straw reincorporation, about whether this simply replaces fertilizer or whether this is genuinely surplus

straw. They agree it is genuinely surplus straw. We are not going to have to put more fertilizer on the field to replace it. All those things work. I also agree with the minister that it is an industry we should be investing in. It is a good idea.

The question is: Are there prudent measures in place to protect the more than \$30 million of taxpayers' money that is going to be or already is invested in this project in terms of the actual production technology?

Mr. Downey: Mr. Chairman, I think it would be foolhardy for me to say that there is not any risk. There is always a risk when we get involved in these kinds of enterprises, and for all the right reasons we are there and we are participating. I believe that we have maximized, where possible, protection to the taxpayers that is available. I am not sure the coverage that the member is looking for would have been available anywhere, if at all.

Mr. Sale: Mr. Chairperson, in light of the fact that the minister may—I do not know—have visited the Wahpeton plant or he may have just had reports of it, but that is the technology that Southwest Strawboard was proposing to use, not necessarily the same supplier but a similar kind of technology. It is a proven technology. They were proposing, I believe, Southwest was proposing a local strawboard co-op. Investors were largely from the Killarney area. The person promoting the project apparently has sufficient expertise in the area that he is often invited to speak at events outside of Canada in the area of strawboard product.

Why would the department choose to put all the marbles in one basket and wage them on one big plant, at Isobord at Elie rather than three reasonable-sized plants, scaled perhaps in the \$50-million or \$60-million board feet in areas like Roblin, Russell, perhaps in the Virden area and Killarney area where there is surplus straw? Killarney, for example, has the most consistent harvests of any area in Manitoba, has far more surplus straw, does not have the problems of gumbo on the fields in wet years which is a serious problem in the Elie area. That is why the company had to invest a huge amount of money in tracked cats to pull the new square balers which are also very expensive.

We have dry, sustainable and very reliable production of cereal crops in other areas of the province with a

great deal of surplus straw and much more reliable supply. Why would we not do scaled plants using proven technology, using local investment, instead of a megaproject that puts all the marbles in the basket of an unproven technology which I hope will work and I am sure the minister hopes will work, but it seems to me that it is not a prudent risk.

Mr. Downey: I find the member's comments a little contradictory, because five minutes ago he said that he supports the project and was pleased to see that we were going ahead with it. Now he is questioning why we are going ahead with it, so I find it a little contradictory.

Mr. Sale: Mr. Chairperson, if I could clarify what I said, I think the minister might want to just go on with his comment after that. What I said was that the process of making strawboard is a very sound idea, and I think we should all support the development of projects that do that. The specific project, I have some concerns about. I hope it works. I hope we do not lose money on it, but given what I have tried to understand from the number of people I talked to, there are serious questions in a number of people's minds about the prudence of risking at the level that is being risked by the public sector in this project when other options were available. That was what I was supporting, strawboard.

Mr. Downey: Mr. Chairman, I will try and deal with it basically dealing with a little more knowledge probably from a side of it coming from the agricultural side of it, and why this and not others. We have not eliminated or said we would not support the other processes if there were proposals to come forward from Killarney. I believe there has been dialogue between the department from that region and our department. We are quite prepared to entertain it. The same whether it be the Swan River, the Russell area. I know that the Melita area where I am from also were interested in a strawboard plant. There were some questions in that area because of lighter soils and again the point of would the area be able to withstand the taking of that kind of straw away and still maintain its tilth and its protection from wind erosion because we are in lighter soils. Excellent potato ground, I will put in on the side, which is hopefully an opportunity that will be developed and enhanced in that area.

There were some questions came out of that area. There was some work done. You get more to the eastern side between Killarney and Melita, for example, the Deloraines, the Boissevains, get into the heavier soils where in fact there is good straw production and that of course would draw to the Killarney area. There is still active work going on there. It is not to say that it is not going to happen.

The other point the member makes, and that is the availability of straw for a plant at Elie. With the type of equipment the member talks about, the big square bales and the equipment, those bales can be transported from very large distances, so it is not a matter of just one region of the province if that area were short of straw, transportability of straw is not impossible and it can in fact be moved into that plant.

The member makes a comment about tracked vehicles. He left it a little bit in the context, I think, that it is not quite understood by him or I would hate people to misunderstand. The tracked vehicle is in fact being used in a lot of farming areas now. It is a machine that is built in Manitoba by the New Holland company. It is under the name of Caterpillar, but it is a Manitoba-manufactured tractor. The track system, yes, works fine on the heavier soils. They work fine in other soils. So it is not a matter that they had to buy tracked vehicles; other tractors would have worked.

The good news is that there are 35 tractors being built right here in the province of Manitoba which has a tremendous spin-off. So I do not think we are putting at risk an amount of money that is unreasonable for the size of the project.

I also am aware of the fact—and again the member can question the technology. I go back and say I believe that the right expertise and a lot of the due diligence, everything was done on the product. People did not come to this decision lightly. We did not. A lot of work was done as to its workability. I strongly believe that it will work and if it needs some perfecting, it can be done. There are many resources put in it.

* (1450)

I, quite frankly, know for a fact that if—I am not going to use the word “if”—when this project demonstrates itself to be what it is expected to be, we probably will see some more of these type of plants being built.

Because of the size of them, because of the magnitude of them, they probably will produce competitively with the timber market. Let us remember, there are other competitors that are out there and they are not small operators. They are huge operators that put fibreboard on the market, so I guess it is the economics, the size and the whole business.

Again, I do not believe that we have exposed the taxpayers to anything that is unreasonable. I could use some examples, and I do not need to get into a political harangue with him of where previous governments have spent their money in comparison. That is not what my objective is here today. My objective is to as clearly as possible answer the questions the member brings forward, but I can get into that if he wants to. The point is the plant, the proposal, the due diligence, the expertise that had to be done, I believe, was done. Now there are a few unknowns in this world and we try to eliminate the risks and I think that we, being the government and all those people who are participants, have done their best to maximize the protection.

The member made a comment last night about he did not want to calculate any of the side benefits or the benefits that would be perceived to come back to the province because of whether it is the taxes that are generated, whether it is 35 tractors being manufactured at a plant here creating jobs and expanding or giving economic spin there, he may not want to calculate it into the equation. I, in fairness, think it can be calculated into the equation. At the end of the day when we get the revenues from the expenditures that are put into the plant, we are not exposing the province to any substantial amount at all.

So I am not saying there is not any risk. There is a risk when you get up in the morning. What we have tried to do is to eliminate to the best of our ability the exposure and the risks that would come with that. It is a, I believe, technology that could well revolutionize the environmental industries, the whole business that is out there and the opportunities that will flow from it and the creation of jobs of resources that are grown here and up until this point have been wasted. Mr. Chairman, that is the way I feel about it.

Mr. Sale: Mr. Chairperson, to further clarify my concern about cost-benefit analyses. My concern is

when governments treat the direct revenue from taxation from employees who are in the new jobs as though that were a cost benefit for the investment, that is the problem. It is not treating the spin-off revenue or multiplier-effect revenue from the building of tractors or the jobs created in the building of tractors. The notion that the tax revenues from individuals who are employed represents a major new income to the province that is totally chargeable as a benefit, I think fails some basic economic tests, because, presumably, the purpose of the government collecting taxes is to provide services, so on average all of the people who work in that plant will have children, will drive on provincial highways, will use provincial health care services.

So the net new revenue that the province has will not be anything like the gross revenue coming from the taxpayers who work in that plant. So my concern was the crediting of the taxes from that direct operation.

If the investment levers new production of tractors, then there is a whole lot stronger argument for saying that is new wealth, new work, that would not have otherwise been done. So if the minister understood me to be saying there were no benefits, I was not attempting to say that. I was raising the basic question that governments like to take credit for the new jobs that are created, and they tend in their cost-benefit analysis to calculate the taxes on those jobs as though it were new revenue without any costs associated, and there is no such thing as a cost-free citizen. We all generate costs, and, hopefully, we all generate wealth and citizenship as well. But the taxes we pay are not profit to the government. They are in return for services we all consume.

I just raise the minor point of the tractors. I am very glad they are being made in Manitoba, and, to be frank, I did not know that. I thought that they were Caterpillar and therefore were not being made here. I am glad to know they are being made, presumably under licence here, and that is very good news.

I do not believe it would have been possible to use wheel tractors of the size involved in that area according to the farmers who have spoken to people who are very concerned about the wet fall and the damage to their fields that would occur with normal

wheeled vehicles, wheel tractors. The tractors, in fact, may not even be the biggest problem. It may be the balers that have to be fitted with some balloon tires, as well, to keep the weight off or to distribute the weight better, so that serious damage is not done to those fields.

That also was a risk concern that was raised to me by a number of people who phoned me about this project, that the conditions in that area are heavy clay with the tendency to wet fall conditions, and there is a short window, perhaps at best three weeks, to get the straw off the fields after harvest in most years. In many of those years, there are wet conditions, and so there is also a fear about the reliability of supply.

I believe Isobord is beginning to stockpile, so that they will have more than a year's supply on hand, and that is probably prudent on their part because I am told at least that the straw production in that area is nowhere near as reliable as the straw production in the southwest is.

But the minister is correct to say the straw production in that area—and he is more of a rural person than I am—is truly surplus, and it is not going to be reincorporated and it is going to be burned. That is what is going to happen to it unless we force people to get rid of it some other way, and this is a good solution from that perspective. But according to the people with whom I have spoken it is also another risk factor because of the soil conditions, the wetness and the shortness of that window to get that straw off.

Mr. Downey: Mr. Chairman, when I was talking about tax benefits, I was not necessarily talking about the taxes that came off of the salaries, because I think that would be a lot smaller than the initial taxes that are taken from the capital investments by the PST, which I am not sure how much of it would qualify. Most of it, I am sure, on that size of a project will yield a considerable amount of money to the Treasury of the Province of Manitoba.

Number two, Mr. Chairman, I believe that we should be clear. He talks about a \$30-million investment. The province is in at \$15 million, and we are pleased the federal government, through the mechanism they have, came to the table as well. So it is not a matter of us

sharing all the risk, that the risk is shared nationally which I believe is the right thing for the national government to do, is to work with us in participatory way to get this project off and running.

The other point I would make is, and that, yes, the track vehicle probably will work better because of what sometimes you can get into are muddying conditions and the heavier lands, but I would say, Mr. Chairman, that I observed for the many years that I have travelled that area and my direct involvement in farming, we have seen very difficult moisture conditions when it comes to combining, when it comes to all kinds of vehicles. I can assure him that in seeing some of the tracks that combines have left to take the grain off that I am sure that they will improvise to make sure that they do not do any greater damage to the fields. They could also, if the mechanics and the engineers were to get together, develop a three-point hitch system which would carry the baler. It would not need to have its own wheels to carry it. That is a potential, a three-point hitch machinery is nothing new to the world, and I am sure there can be adaptations made.

The other point he raises, and that is the narrow window that is available. Again we have a narrow window for taking grain off, and the farmers have not given up. That is why, I think, they have organized the system the way they have with the numbers of tractors, balers and flat decks to put in place a very well organized system which will in fact gather and stockpile the straw. Yes, I would anticipate that it would be important to get a year supply in advance because one never knows from year to year what the conditions would be so it would not be prudent not to take advantage of every year when there is adequate straw and surplus to put that into a stockpile situation.

* (1500)

Far greater, Mr. Chairman, far greater than the cost to the society when it comes to burning the straw, the loss of that tonnage that goes up in smoke, which causes trouble to the people, whether they have got asthma, whether they have got any kind of a breathing problem or those who do not have a breathing problem, one can sure certainly get one. It is called preventative activities. That again weighs very strongly in my participation in this project. I believe that there can be

a tremendous case made on the environmental side for the health of the people of the city of Winnipeg. That happens to be where there are good quantities of straw grown. It happens to be close to the city of Winnipeg. It happens to be where a plant this size has been put together, and I think it is going to demonstrate its worth. Again, that adds a different dimension to it than some of the other communities where, in fact, the burning of straw has not been as prevalent as it is in this Red River Valley.

I have driven back and forth, not only the 20 years that I have been in politics, but I have driven prior to that when I worked in the city of Winnipeg, when I went to university in the city of Winnipeg. I continually had a vision of seeing something had to be done in an economic way with the straw rather than burning it, and what we had to do, we brought in regulations to try and stop it and try and co-ordinate it. You could not burn if the wind was in the west, or you could not burn after five o'clock at night, and it was a regulatory solution.

The best solution, Mr. Chairman, I say this in all my sincerity, was to turn it into an economic development generator of wealth and we all would win. So I see it winning from the health side; I see it winning from the environmental side; I see it winning from the job side; I see it winning from all aspects. Yes, I do not disagree, there is an element of which there is a plant being set up, that we have done our best to make sure all the process, the sales are covered off. Is there room for some things not to go quite right? Yes, because you are dealing with new technology. Can it be corrected? I believe it can. I believe there is enough confidence by those people who are putting the dollars forward, along with our government and those we have discussed with, that it is worth proceeding with, when you put everything into the hopper and say here are the benefits that this will produce. That is why I am pleased to be here speaking in support of the project.

Mr. Sale: Mr. Chairperson, I am not speaking against the project or in support of it. I am speaking about concerns that have been raised to me, and I have attempted to understand and raise for the minister's response. I hope the project works, I hope the employment works. I would be very glad if it does. I simply think it is one of a critic's responsibilities to

raise questions that have been raised to her or him by people who have concerns in the field, and I pretend no expertise. I simply say I have tried to do my homework on it. I think that people will be interested in the minister's answers, and I hope he is open to other projects in other parts of Manitoba, because there is surplus straw in lots of places. I think there are people who would rather see Manitoba money and Manitoba investors more at the front of the line than perhaps the particular mix here with more of the investment coming, perhaps because of the size of the capital cost, from other places.

Could the minister tell the committee what Vision's contribution to this project is?

Mr. Downey: Yes, \$2,450,000, Mr. Chairman.

Mr. Sale: Is that about the same as Crocus? Are they both about the same level?

Mr. Downey: I will get that detail. I believe that it is, but I am not absolutely sure. I will get that detail. As the member knows, Crocus is under separate management. It does not answer to the government. It has its own management, its own board. We do have representatives on the board, but we are not responsible for the decisions which are made.

Mr. Sale: I was simply trying to determine the Manitoba investment in this from clearly Manitoba capital sources. Federal source we know about. I believe that is in the form of a mortgage to the straw co-op and may have something to do with the actual machinery and sourcing of material. I think they have a second mortgage on some aspect of the operation. I am not sure which component it is. I am just trying to clarify the component part.

Are there any guarantees, co-guarantees, or any form of provincial or federal commitment to guarantee the investment of any of the other partners in this project?

Mr. Downey: I want to go back. I think the federal involvement is for FCC to lend to the local producer co-op money for the building, which is leased back to Isobord. I believe that is their participation, because the federal government was reluctant to get involved in any other way because of the fibre component; they

have not been involved in the wood fibre business. It is a national problem that they have, and I believe they entered this project through the FCC program to the building. I think that is how it is.

The member asked the question as it relates to any guarantees by the province to any other participants. To my knowledge, Mr. Chairman, there are not any.

Mr. Sale: Does the province have a person sitting on the board of directors of Isobord as we do in the case of Linnet and, if so, who is that person?

Mr. Downey: Yes. Ian Robertson.

Mr. Sale: Was this a reasonably recent appointment? Having checked the corporate records, I do not see Mr. Robertson's name. I could not see anybody that identified as a provincial rep.

Mr. Downey: In the last two months.

Mr. Sale: Obviously I take the minister's answer. It is not, for some reason, showing up in the corporate search at this point in terms of directors. It may just be that they have not filed their annual return, so the change of directors has not been filed.

Mr. Downey: It may not have been formalized yet, but we have been asked and that is the person's name we have been forwarded to the individual. So the process of getting him on there may not have been completed yet, but that is who is going on the board on our behalf.

Mr. Sale: Do the other investors—Vision, Crocus, Sauder—have representatives on the board as well?

Mr. Downey: Vision and Crocus do. We are not sure about the other one that was referred to.

Mr. Sale: I appreciate the minister's answers on that project and look forward to opening day and the first boards rolling off.

In terms of the actual production that comes out of the plant, my understanding is that the press release and backgrounder indicated that, if my memory is correct, something in the order of 70 or 80 percent was precommitted to various places. I believe there are two

cabinetmakers in the United States, one in Holstein, Iowa, and Sauder is another—reasonably nearby. I do not remember how far away—Idaho. Are they the only two companies that have precommitted to buying the output?

Mr. Downey: Mr. Chairman, I think 75 percent of the board in fact has been committed, and the countertop company in Holstein, Iowa, is one of them. Sauder Brothers, they are in—I think, Ohio is where they are from. They are major cabinetmakers and furniture makers. In fact, there is a company in Winnipeg that sells their product. I am not aware of any other contract that has taken on product at this particular time, although I know they have talked with some Canadian distributors. I do not know what all the network is that they have set up. I do know though that, because I made this in my earlier comment, the quality of the product that they anticipate coming off could well get into a higher value of market. So it is maybe a good idea that 100 percent of it is not sold or precommitted, because if it in fact is of the quality that is anticipated, it could yield a greater amount of money because of the quality of the product that is coming off.

* (1510)

Mr. Sale: The reason that I asked the question, Mr. Chairperson, is that on a sort of a face analysis of the costs of this project, the average cost per square foot appears to be in the order of 49 or 50 cents a square foot based on looking what the capital costs are, normal payback and the announced operating costs, input costs, et cetera. The price for the competitive product, f.o.b. Winnipeg, is 32 to 36 cents a square foot so that the premium, just on a straight face-value basis, is very substantial. Given that most of this board is hidden and not visible, given most kinds of modern cabinet construction, the company is obviously asking buyers to pay a fairly substantial premium for a product that may have superior qualities, but it is a fair risk in terms of marketing. Is the minister aware of pricing and price studies that were done by his department?

Mr. Downey: Mr. Chairman, on the due diligence that was carried out, it is my understanding that the capital invested, the product that is produced is competitive and will, in fact, be saleable at the price it is presented at. There are some characteristics which—and again, 75

percent of it is committed. I will give you two examples: One is the Sauder Brothers furniture people. After they had the first view of it, they wanted some more work done on it. After that work was done, they advanced their position to firm up, because of the quality in what they saw in this product.

The countertop people in Holstein, Iowa—I think they are the largest manufacturer of countertops in the United States. One of the features that the product brings to it is that it is something like three or four times greater water resistant than any other competitive product.

The other element, which the member raised himself, is any emissions that would come from the traditional ureaformaldehyde product which, quite frankly, are not conducive to good health in offices and furniture. Wherever you are, nobody likes to be in a room where there is a lot of ureaformaldehyde being emitted from the furniture. This is inert basically. So I guess the best answer I can give is, yes, due diligence was done, the business plan was presented, and to my knowledge, will sell at the price the product is presented.

Mr. Sale: Mr. Chairperson, I believe the price that Sauder agreed to is in the order of 35 or 36 cents a square foot f.o.b. the plant—not f.o.b. Winnipeg, but f.o.b. the plant—which means that basically the company is going to sell product at a fair loss. The indications I was given were that the remaining 25 percent of production was going to be finished in the form of a flooring product or similar high value-added product and that the return from that 25 percent was going to offset the losses on the 75 percent in the hopes that, because of the superior quality of the product and the near saturation of the wood fibre board market, given that there is very little supply left in North America to make wood-based fibre board, that those two factories would combine to allow the price to rise in enough time basically to offset the initial losses, which would be projected at the costs that the company has.

I should say that these are not estimates that I did. I do not have that skill. These are estimates done by people who are actually in the business of producing board and understand the industry and know the input costs.

(Mr. Ben Sveinson, Chairperson, in the Chair)

In fact, the president of the company, Isobord, confirmed the number of 49 or 50 cents a square foot cost in my conversations with him. He indicated that the hope was that the value-added for the remaining uncommitted board would be sufficient to offset the loss on the three-quarter inch board that is being precommitted to the States that is not laminated, in my understanding. It is the laminating of the thinner floor board that he hopes will be able to be marketed but does not have a market for at this point. So it is another element of risk that I wonder if the minister has any comment on.

Mr. Downey: Mr. Chairman, I guess the business plan and all the due diligence that was done and all the information available was all the information that the decision was based on, so getting into the detail and the technical part that he is asking me for, at this particular time I have no further comment.

Mr. Sale: Could the minister, moving on to another company, indicate what the total provincial losses were relating to the closing of Iris? What was the total investment, the total loss, Iris Systems?

Mr. Downey: I understand that the direct involvement, Vision was involved as well, as the member knows, but the direct involvement came through the communications agreement in the department, and I will get that information. The staff do not have that available to them right here.

Mr. Sale: Mr. Chairperson, in 1993-94 the spending under the WEPA communications agreement was \$877,000 and in '94-95 \$46,000. I believe there were some other commitments from other government programs other than just the WEPA agreement. I thought there were either loans or forgivable loans or repayable loans as well to Iris.

Mr. Downey: Again, Mr. Chairman, I want to be accurate, so I will get that information for the member. We do not have it at our fingertips.

Mr. Sale: When the minister gets that information, could he include in it the total losses which were experienced by Vision in which we are a partner by the

teachers' pension fund, which is a partner in Vision and also may have had investments in their own right? We would like to have a sense of that attempt to move into another area, which was potentially a very interesting area; it might well have gone but did not. We would like to have a sense of what the total picture was in the Iris failure.

Mr. Downey: As I said, I would be prepared to get the money that we directly put in. The money that he is talking about through Vision will not be—probably we will not be able to make it available to him because of the fact that the Vision package is looked at as a total investment package which is directed by an independent board.

Again, what I have tried to get across to the member is that in the private-sector efforts the information that they are dealing with is really outside—the global amount of monies put in by the province, the details of the projects that they are involved in, I am not sure that I can provide that information. If I could, I will check out and see if there are any reasons why. I am not making the commitment today that I will provide that to him.

Mr. Sale: This is a company that is belly up. It is not producing anything. It is gone. It is finished. The technology has been sold to an American company. What possible third-party interest is there in revealing what the total losses were for various investors unless they are private individuals? In this case, they are not; they are trustee pension funds that the province has an interest in and, in fact, has an obligation to, established under provincial statute, and of capital corporation which the province is a partner in. What possible third-party interest is there here?

* (1520)

Mr. Downey: Again, Mr. Chairman, there could well be private money in the Iris program which the member is referring to. I will not make the commitment today to disclose that. I will check as to the availability of doing that, but I will make no commitment that I will provide it. What we look at is there is a package of money, a parcel of money given to the Vision Capital board, negotiated with the Vision Capital board. It is part of a total package of projects. There are some that

have gone like Iris, and I know that one particular. There are many that have been very positive, so the total picture with Vision is one of a positive nature. The projections are that we are in a good position as it relates to the investment made in Vision. When we start getting into individual ones, I am not sure as to how much private or individual investment has been made and the ability to disclose that. I am not trying to be difficult. I am just saying that I want to make sure that, before any disclosure is made, it is done in a way which would not break any confidences or any part of an agreement.

Mr. Sale: In the end stages of Iris, the minister is aware that Faneuil bought the majority control of Iris Systems, invested a very small amount of money in it in total, and then made a whopping great capital gain when they sold the software and the technology to the American buyer who was a competitor company. It may have been a prudent business decision to sell the software and to wind the company up. But Faneuil certainly did well by themselves and did well while taxpayers did badly and lost all of the money they invested. Faneuil not only did not lose any of the money they invested, Faneuil made a significant capital gain on the sale of that company and that company's technology. How does the minister defend that when Faneuil is also a recipient of provincial support? What kind of business ethics is involved in this sort of transaction?

Mr. Downey: Mr. Chairman, the answer that I am giving is that the taxpayers' money the member referred to was done on a block basis, that there were several investments made by Vision which were invested in several ventures. Iris, as the member has referred to, was one that had not succeeded. When one looks at the total package, I am informed that we will be more than paid back for the dollars that we invested in Vision, that we in fact would not lose. If you wanted to pick Iris out and hold it singly, yes, it could be considered a loss. But when you look at the total package of business involvement that Vision is involved in, the taxpayers will not, I am told, lose any of those resources. What we do not get in Iris we will get in the benefits of other companies that we are invested in. So we cannot say that it is a direct write-off to the taxpayers. The package of money was put into Vision on the understanding that it will in fact pay back with

dividends more than was invested in it, or the amount invested and dividends as it relates to the companies that were participated in.

Mr. Sale: Mr. Chairperson, what was the gain that Faneuil got as a result of selling the technology to the United States company, and what were their costs for that gain?

Mr. Downey: Mr. Chairman, again what we are doing is, we are singling out one particular company of which there was involvement. I cannot give him an answer directly today. I will check as to whether or not I have the ability to. I am not making a commitment. I am saying, I am not making a commitment to provide that information. I will check out and see if there is an ability to do so.

Mr. Chairman, I am informed, and I think that is understood, that I would have to have Faneuil's agreement to do that.

Mr. Sale: Mr. Chairperson, the province recently just invested another \$8.5 million into Vision, or announced the investment. The business—I do not know the exact date, but it appears that it might have been either late last year or the first of this fiscal year. What was the source of that, given that the Estimates show \$2 million of expenditure for Vision Capital this year and \$8.5 million has been guaranteed or written in? What is the source of those funds? Where do they show up?

Mr. Downey: Mr. Chairman, the member is going from a headline in a press story that was not put out by the province and/or any authority from my office. I can assure the member that there are discussions taking place, but that deal, to my knowledge, has not been finalized or signed. I am telling the member, though, there were discussions and have been discussions and negotiations being carried out, but that story did not come from the province.

Mr. Sale: Mr. Chairperson, whichever one of you is in the Chair—

Mr. Chairperson: Sorry.

Mr. Sale: That is all right. I just did not know who was in the Chair for a moment, but you are.

Mr. Chairperson, the reporter, Martin Cash, who wrote the story indicated that this was not just a supposition but that in fact he had the confirmation that that was in fact the case. So let us assume that it is not in fact the case, that the final agreement has not been signed yet. Where is the money going to come from should it be signed?

Mr. Downey: Mr. Chairman, I put that down as a hypothetical question; but, no, in fairness, I will. I am not trying to play games here. There are discussions. It is basically along the lines of which have been reported. I am not saying that it is inaccurate. The funds that he is referring to would come—just a minute, I will get the—if the project is completed—[interjection] I will put it in this form, I would anticipate that it would come out of The Loan Act authority.

Mr. Sale: Mr. Chairperson, I asked last year questions to which the minister, I think, decided not to answer and said that third-party problems were the problem here, and I am going to ask again this year. Vision Capital is a legitimate venture capital company focusing on Manitoba investment opportunities. It has had some very good winners. It has had some losers. That is the game of venture capital, and no one would expect it to be different. If they had all winners, then it would not be venture capital. It would just be banks looking for profits. So, of course, there will be losers, and you try to learn from the losers and learn from the winners and increase your odds, but you do not stop taking risks, otherwise, you are not in the venture capital business.

The minister may be familiar with a little venture capital company about the same size as Vision in the \$28-million, \$30-million region. It is called the Health Care and Biotechnologies Research Fund. It is just a joint stock company. It is listed in the Toronto Stock Exchange as an investment fund, and it is one of the things I have in my RRSP. It is not a big RRSP, but it is my RRSP. It sends out an annual report, and it reports on every company it invests in. Some of them are publicly traded; some of them are not. Some of them are at a preliminary offering stage; some of them are at a very early stage of development. The company has had a good track record. It has had more winners than losers, and I am very pleased to be a shareholder in it.

My point is that here is a company that makes public all of its investments through its annual report. It does not shy away from saying we screwed up on this one, we won on this one, here was the the value of our initial investment, here is its approximate market value today. They are very conservative in their accounting. If they make an investment in a company that does not have a publicly traded security, then they show their investment at either carrying cost or at some lesser cost, but they do not ever inflate the cost from the initial book value.

I fail to see, Mr. Chairperson, why Vision Capital should not be reporting in the same kind of way. It receives public money, and it receives money of teachers that are in many ways public servants; it is their pension fund. Why will the minister not simply, as a matter of course, report here are the investments, here are the amounts, here are the ones we that we have written off, here are the ones that we have got our money back from and done very well on?

*(1530)

I do not think there is any particular shame in a Venture Capital Fund that has some losses. I think the problem that we have, and I think more and more of the public are having as they call and ask questions, is that there is no accountability here, absolutely no accountability to the public. The public puts money in it, but there is no accountability back to the public for the money that they invest. If the fund is well run, makes prudent investments and loses money, well, so be it. If it loses too much, the public is going to say, well, wait a minute, maybe we should get new fund managers or maybe we should not be in this business. But what is the problem with saying here are the investments, here is what they cost, here is when we made them, here is when we got out of them, here is what we got, we won some, we lost some, but on balance we are doing fine? Why do we not just make the details available?

The little company that I invest in tells me quite a lot of interesting things about the companies that they invest in, in their successes and in their regulatory hurdles, and I feel like I have some sense of accountability from this company. Now it is a private company in the private market. I feel I have got a lot

more accountability from it than I do from being a minor shareholder in Vision Capital as taxpayer in Manitoba. I have not a clue what their wins and losses have been except in their PR reports, which I do not think, frankly, give me the whole picture very adequately. So why would the minister not require Vision to report at least in a summary fashion what it has invested in, what has gone well, what has gone badly, where it is going?

Mr. Downey: Mr. Chairman, it is not that I would not like to give the information to the member. I have no reason to say that there is anything that should be. It is a matter of the fact that we are a 24.5 percent owner in Vision. The other percentages are owned by private individuals. I would think we would need the permission of those individuals to make public the involvement and the details that he is asking for. If I am not mistaken, the company he is referring to is a publicly traded company, and they have to disclose the activities which they are involved in. That is the difference and, again, there is no reason why, other than the confidentiality and the private investment portion of it which could in fact be influenced as to the operations of the company and those individuals, and I would think it would take the approval of the other participants, the 75 percent or 75.5 percent, their agreement to disclose the information.

Mr. Sale: At the present time, Mr. Chairperson, who are those other 75.5 percent? We know about the teachers. Who are the others?

Mr. Downey: Mr. Chairman, I cannot say that I would provide those names. I will take under notice the request and see if I am able to provide that information to the member.

Mr. Sale: Mr. Chairperson, surely the minister can see the absurdity of the position that he is taking at this point. As, again, a minor investor in the Crocus Investment Fund I have the right to know what the Crocus Investment Fund is investing in, and one of the things they are investing in is Isobord. So I have the right as a shareholder in Crocus Investment Fund to say, tell me about your investments. Some of them are the same investments that Vision is involved in. Some of them are not, of course. But here is a situation where the minister is trying to give protection that is

comparable to the protection of a privately owned company like Eaton's, for example, that does not have to report to its shareholders because its shareholders gather around the family dinner table, does not have to publicly account for what it does until it runs into some difficulty.

Now, surely it would make more sense, as is the case with most public investment vehicles like the labour-sponsored funds, to say, look, put out an annual report. Tell people what you have done. Be accountable. At this point the public of Manitoba, as a 24 percent investor in a venture capital corporation, is told to just shut up, go away, do not ask questions, because we are not going to tell you any answers about where your money has gone in this venture capital corporation. Trust us. It has had more winners than losers. Here are a couple of the winners. Well, that is good. I am glad there have been more winners than losers. If that is the case, what is the down side of publishing an annual statement from this corporation?

Mr. Downey: Mr. Chairman, I personally do not have any problems. The problem that we may have is that we are involved in a legal agreement between a private entity and the Province of Manitoba through Vision Capital. I will not do anything that would break a legal agreement. I have said I would make available if possible some of the information, like who the participants are and involvement, but I will check out the legal obligations that we have, because that has to be honoured as well.

Mr. Sale: Mr. Chairperson, will the minister at least undertake to provide a list of the companies in which Vision has been or currently is an investor so that we might at least know the range of investments that have been made? It does not give us anywhere near the information that public accountability gives us.

Mr. Chairperson, I say again, this is a government that talks about transparency, and yet publicly accountable firms, accountable in the private sector, have far more accountability to their investors than this government apparently wants to have as an investor-envisioned capital. It just does not make a lot of sense that publicly accountable joint-stock companies have to have a higher standard of accountability than publicly

entrusted monies invested through a government have to have. It just does not make sense.

Mr. Downey: Mr. Chairman, the member has asked for a list of the projects. I will take this under advisement and give due consideration to that question.

Mr. Sale: Mr. Chairperson, last year I asked a number of questions about telemarketing companies. I asked, specifically, a question about PR Response at that time in regard to a series of questions around Manitoba communications. M—that is not quite right. I cannot remember the acronym of the company that is owned by Cliff Watson and associates, 80 percent; 20 percent, one of the Manitoba telco subsidiaries. The minister responded that they were in negotiations with PR Response, but at that time nothing had been finalized. Can the minister bring us up to date with the discussions with PR?

Mr. Downey: Mr. Chairman, I am not aware that anything was concluded with that company.

Mr. Sale: The minister accused me earlier of playing games and trapping him. The minister has officials here. Is this not a company with which you had substantial discussions around rates and which subsequently located in Manitoba?

Mr. Downey: Yes, Mr. Chairman, I stand corrected if I left an impression on the record that is incorrect. They have changed the name from PR Response West to—and, by the way, Mr. Chairman, he did not trap me on anything. I was just wondering why he did not ask the questions when the individual that could have given us the answers was here rather than do what he did today.

Yes, it is now called TeleSpectrum Worldwide, which had been publicly announced about a month or a month and a half ago, which, I understand, he was not happy with in the agreement that was reached. So, yes, we have concluded a deal with them, and it is TeleSpectrum Worldwide that is now the name of the company.

Mr. Sale: Mr. Chairperson, what is the nature of the provincial commitment to TeleSpectrum?

Mr. Downey: A 60-month, \$1.375 million, conditionally forgivable investment under the call-centre investment initiative is the program. There are employment commitments that have to be made, and those commitments will be 506 persons in year one, with anticipation of employment of 708 full-time positions by year three, and it is estimated that the payroll would be something in excess of \$12 million by that time.

Mr. Sale: Mr. Chairperson, could I just clarify whether the minister said an additional 700 or growing to 700?

Mr. Downey: Total to 700.

Mr. Sale: Is the minister familiar with a company called Staffmax?

* (1540)

Mr. Downey: I am not personally. The call-centre people may be familiar with them, but I am not, Mr. Chairperson.

Mr. Sale: Mr. Chairperson, the company—in my understanding, it has been at least represented to me—is a personnel company that hires, on behalf of telemarketing companies, staff to provide telemarketing services to the companies. What that really means is that it is essentially, I suppose, the 21st Century equivalent of the casual labour centres on Main Street. Staffmax retains a large number of people, and call centres call for staff on demand. For example, the AT&T Transtech Centre uses Staffmax as their staffing arm, so that the staff who are employed there, at least on the telephones, are likely not AT&T Transtech employees, they are likely Staffmax employees.

In the case of TeleSpectrum PR, I wanted to ask whether the minister or his staff who do the audits is aware of whether the companies providing the staff are in fact the actual companies whose names are on the door or are the staff provided by temporary labour companies, such as Staffmax?

Mr. Downey: I can tell the member that I now am aware of Staffmax. I have just been informed by the department that Staffmax—but I was honest, I had not been informed previously of it—offers a service to the

call-centre industry and that it is a new company in Winnipeg.

Mr. Sale: I do not think it is that new. I think the minister will find that it is at least a couple of years old. It has been around for more than a year certainly according to the people who have talked to me about it, but that is maybe neither here nor there. Does the province have any commitments to or involvements with, in any form, Staffmax?

Mr. Downey: Not to my knowledge.

Mr. Sale: This whole business of staffing your company with temps is increasingly the way the world seems to work, seems to think it is a good idea to outsource everything in sight. Maybe we could outsource government and save all kinds of money. Who knows, but that is certainly the way the world seems to want to go is to outsource everything.

Is the minister concerned that the so-called jobs at, for example, AT&T Transtech are not jobs at AT&T Transtech at all, they are jobs at Staffmax? They are entirely day to day or week to week at best. They are episodic. The benefits Staffmax provides to its staff are simply the statutory benefits under the Manitoba labour codes. There are no benefits of any kind other than the statutory minimums.

Is the minister concerned that when he is auditing AT&T Transtech in terms of their job commitments, he is not auditing AT&T Transtech employees, he is auditing Staffmax employees? They may have worked as individuals, hours, days, weeks, months perhaps but few of them have worked more than that because the turnover at Staffmax is extremely high. So just what is it that we are really auditing when we are looking at places we have those kinds of commitments?

Mr. Downey: Mr. Chairman, I am informed that it is a service carried out by Staffmax, that it is a service provided to AT&T. They provide skill and corporate training. I am not aware of the fact that they would be partied with those employees. The member continually keeps going back making reference to the call-centre jobs as not being real jobs, and they are not good enough paying jobs. I can tell the member that I think that they are providing an excellent opportunity for

people to enter the workforce and be part of the workforce and to advance within the call-centre business.

We have over 5,000 currently employed in the call-centre business. The approximate average wage is in the \$8 to \$10.75 an hour which may not be enough in his mind, but I think where people now are moving from, particularly with the program that Family Services are providing, social assistance or support by the province to a job is important to them and has been said so by those individuals involved. So I am not making any apologies. I think that there are some opportunities that are provided through that call-centre activity in our province that would not be if they were not here, so I will debate the member anytime he wants to. In any audits that we do, we will make sure that the commitments are made by those individuals that are hiring, that there are person years of employment provided through that call-centre activity.

To my knowledge, it has not been brought to my attention by the department or I am sure the department would be aware of it and if they are would have reported it to indicate that they are living up to their commitments on person years of employment.

Mr. Sale: Mr. Chairperson, the minister indicated yesterday that Mr. Kilgour would be the person responsible for the audits to ensure compliance with Manitoba's agreements with the various partners where there have been subsidies or whatever we call them, grants, support. When Mr. Kilgour does his compliance audits, does he become aware of who the actual employing authority is? Does he review their records insofar as the actual employing authority is concerned. In this case it would be Staffmax. AT&T Transtech is not the only company they provide services for.

Mr. Downey: I am informed by department that they have to be employed by the company which we have provided the support to, and the T4s are checked by the audit that is done by Mr. Kilgour.

Mr. Sale: Mr. Chairperson, is the minister saying that the cheques the employees receive who are in the AT&T Transtech Centre, for example, are from AT&T Transtech?

Mr. Downey: Mr. Chairman, I am not going to put on the record something if it is not. I will double-check that. The point is that the employment has to be carried out by the company. How the payment arrangements are made, I will get that detail. The point is they are creating the jobs that they are committed to, and we will check as to the specific detail that the member wants. If they are not, we will have an explanation as to why they are not, but the point is, they have to meet the job targets that are established through their activity.

Mr. Sale: Mr. Chairperson, the minister and his government have defended these jobs which I think are essentially as the minister actually has said himself, these are job entry kinds of jobs. They are not career jobs for a lifetime, because no one could live on \$7.35 an hour and raise a family and buy a house and make any kind of commitment to the community. It just is not possible, nor could they make a commitment to a family on the insecurity that is involved in call-centre work.

This is not true of all call centres. Call centres that are doing outbound support work are much more secure, usually better trained, usually more job satisfaction and usually lower turnover, and so Purolator, for example, CN, those kinds of call centres that are providing service to customers who want the service, who have had some kind of relationship with the company and are seeking service, are very different than calling at six o'clock to have your rugs cleaned. So outbound calling versus inbound calling is an important distinction. I accept that the inbound calling centres or customer centres can be very good employment.

Will the minister undertake in the next year to see that there is an evaluation carried out that would gather information in a completely unbiased way about wage levels, turnover rates, retention rates, the overall satisfaction, training levels, advancement, in other words, to take a look at this new industry which the minister is happy we have, the 5,000 jobs that we have, and take a look at it in a thorough way and say, what are the ways in which this could be even a better industry, a better, stronger industry?

I am given to believe that turnover rates in the outbound call centres often exceed 300 and 400 percent

a year. In other words, the people are staying two, three, four months and they give up. They just cannot take the abuse, the pressure to meet quotas. I am told by an employee of TeleSpectrum, for example, that the company policy is that if you are a minute late from a break, your chair is taken away from you and you have to stand for a minimum of an hour at your station. Then you get your chair back.

* (1550)

I am told there are two washrooms for a staff of largely women; a staff that now is over 400 in that centre—two available washrooms. I am told that people are fired on the spot when they are not meeting their quota for that day. In other words, it does not matter what you did yesterday or what you did last week. You are behind quota, your name goes up on the board, you are publicly humiliated in front of your co-workers and you may well be terminated right on the spot.

The same people who spoke with me about TeleSpectrum told the story of someone coming in who was quite a good telemarketer, thought he had been called in. There had been a miscommunication; he really was not needed that day, but the supervisor said, well, she has not made any sales yet. You can go and do not come back. There is a chair for you; get at it. These are the kinds of personnel practices that are worthy of Third World nations. They are the kind of practices the minister was saying yesterday, in relation to the side agreements on labour with NAFTA, would be things that we would be really concerned about as a province.

I am asking him to be concerned about those kinds of practices which I tell him from members of my own family's experience, members of very senior Conservative Party officers family's experience, are not very job satisfying kinds of experiences. These are outbound call-centre jobs, not inbound. So would the minister undertake, through his department's resources, to do a thorough objective evaluation of these jobs and of the career opportunities involved in them, of the turnover rates and so forth and present that finding to the people of Manitoba in the form of a report?

Mr. Downey: Mr. Chairman, I am certainly not going to question the member as to the authenticity of the

stories that he brings to this committee. I would however question that it has not been brought to the attention of other members of the Legislature or to our office. The call-centre team continues to keep a very close relationship with the call-centre activities. Some of the situations that he refers to, I do not think, would be acceptable to anyone.

I will endeavour to try to either substantiate or do some form of a review if the call-centre team have already not got that kind of information; they may well have some—important to have the information and the other would be to encourage something to be done about it. I go back to the comment he made about not being able to buy a house or to be involved in certain things on \$7.35. It is my information that people do not stay at that level very long, that there is tremendous opportunity for advancement into management, to get into a greater income.

Everybody does not necessarily want to buy a house. They may want to rent a facility. Everybody may not want to have a full-time job. They may want a part-time job and so there are many categories that—just talking about the member for Elmwood or Elmhurst—Elmwood—grabbing his telephone as if it was a hot potato. So I will endeavour to try to satisfy myself and to satisfy the government and the public whether or not there are some practices that are not acceptable and will determine how best that could be carried out.

Mr. Sale: Mr. Chairperson, I appreciate that commitment on the part of the minister that he would at least investigate the kind of concerns that have been raised very often with us about these particular call centres.

I am very concerned about the TeleSpectrum one because of the implication that the company is going to be taking people on social assistance and that the government will pay, I believe, seven weeks' wages, seven weeks' training, and that the company will then take over the wage. I just say to the minister that the company's claims about training are not substantiated by those who have worked in it. I am told that training consisted of a manual, a paper binder, that says: here is the company, here is what you say, here is how you say it. If they had never been on a telemarketing screen before, they were given at best a half day, and they were expected then to start making sales. In other

words, the training was perfunctory at best. It certainly was not weeks. I can tell the minister that I have a close relationship with a person in my family who was trained by AT&T Transtech. The training was four days. That was the total training. Not seven weeks.

The person responsible for TeleSpectrum in the press release—I do not want to interrupt the minister. The person responsible for the company here in a press release about its starting up—which, by the way, it did not just start up when the press release came out. It started up as PR Response and metamorphosed into TeleSpectrum at a little later date. He indicated that at least seven weeks was required, that that was not an unreasonable time. My understanding is that in fact in seven weeks many of the people who started are gone, that the turnover rate is that high. So here we have a situation where—and I would ask the minister to investigate with his colleague the Minister of Family Services (Mrs. Mitchelson) whether the province is not simply providing cheap labour to TeleSpectrum in the form of the 30 or 40 social allowance folks who are being guaranteed slots at TeleSpectrum at public expense. There is no commitment, according to TeleSpectrum management, again quoted in the paper in response to questions; there is no commitment to hire these people on an ongoing basis.

The minister refers to \$7.35 or \$7.50 being the starting wage. In the case of some companies, it is not that. It is \$6.80 and \$6.40 an hour. It is lower than that, and very often people are promised that after one month, two months or three months their wage will go up. The trouble is that after one month, two months or three months they are not there anymore. So the number of people who can stick it out to get \$8 or \$8.50 an hour are somewhat fewer than the number who went to work at \$6.40 an hour, let us put it that way. Yes, there are opportunities to advance into the kind of on-floor management. There is roughly one manager for every 10 telemarketers, and the managers may make somewhat more money. No doubt they do. They also, at least in some cases, have to drive people in the same way that the foreman used to have to drive people on looms. The only difference is that these are telephone systems and not looms.

So I really encourage the minister to take a look at this industry that we are building. It may be that it is a

very good industry and can be made profitable and humane, but from the number of people who have talked to me and to other members of our caucus who had bad experiences and would not be a telemarketer again, even if it meant staying on welfare, because, first of all, the wages were lower than welfare anyway, and the harassment and costs were at an unacceptable level. So I hope the minister will seriously do the examination he has spoken of and will ask the questions and begin to raise with the companies who are doing outbound telemarketing the standards that they have for labour and training and quotas, and whether or not we really want to encourage a huge growth in this industry as a result of that study.

Mr. Downey: Mr. Chairman, the \$7.35 is the number that he used himself. I picked up on that \$7.35. It was not anything different than that. He made reference to \$7.35. I responded to that \$7.35. That is how that was put on the table. Secondly, I think it is important to note that it is strange the member opposite and the opposition are getting all these calls and complaints when I, to my knowledge, have not received any to my office, and other members of our party have not received them, the same complaint which he is referring to. That, I think, is important to put on the record as well.

As well, I think it is important to point out that the report he may have read in the newspaper may have been his own comments, as it relates to how he feels about whether or not people should or should not come from social assistance to a job which is paid for by the province, and that it is, in fact, providing low-cost labour or subsidizing a company. That question was asked of the management of TeleSpectrum and it was denied. I do not have any reason to not believe that individual.

* (1600)

I do know of individuals who have come from social assistance support programs and are working in companies that have spoken exactly the opposite of the member, that they believed that they were to play a meaningful role. It was a good opportunity for them to get an experience and carry on in a meaningful way, that they were not just trapped in some way on social assistance and could find no way out.

I do not believe that it is only temporary or job entry. There are some lifetime careers that have been developed in the call-centre business. I do not degrade them in any way, shape, or form. I think it is a tremendous opportunity for job opportunities for students for part-time, for permanent work, and for people who want to get into the industry. I think it is a relatively new industry.

Yes, there are some things that can be looked at and reviewed, and some assurances given. Nobody wants people taken advantage of, that is for sure. On the other hand, I think it is imperative and important that government continue to work to try and get people employed in all categories. It is not a matter of saying these jobs are not important, we want everybody to become university professors. Certainly, we do not want too many more politicians. I do not think the public would swallow that. [interjection] Auctioneers, they could handle quite a few more of, but the auctioneers who are out there do not want to see any more. They want to make sure it is a closed shop; that is, the ones that are in. Those that are trying to get in would, of course, like to advance the opportunities.

In a serious way, Mr. Chairman, I do not take lightly the question that the member asks, because we do want to make sure that it is an industry that has solid base; training is adequate; the work conditions are satisfactory and that the industry grows. The worst thing in the world that can happen is for some of the things to come about that the member is bringing to the table and give the industry a name that is not conducive to good growth and development. That, I do not want. But I can tell you, the assurances I have had from management, from people who are involved in the companies have, to my knowledge, been very open and straightforward with us, and none of them have spoken any differently than what I am putting on the record as to the things they are doing.

I think it is important that we all work to try to give opportunities for people who are involved in social assistance. There will be some who will always have to have social assistance. It is the public's responsibility to provide them with that kind of support. But it is also our responsibility as government and public representatives to try to maximize the opportunities for people to add to their lives by being gainfully employed

and involved. I hope the member would agree with that. We would all like more money, I am sure. The bottom line is what can the system produce for those individuals.

Again, I have nothing further to add unless there are some specific questions as it relates to this project.

Mr. Sale: Mr. Chairperson, my comment in regard to social assistance was not the inappropriateness of social assistance paying a training wage. That is a well-accepted strategy in getting people back to work. The problem with that is that if you do not then require the employer to retain people for some reasonable period of time, you are simply providing subsidized wages to employers.

My comment to the reporter who wrote that story was, if there is no provincial requirement that people be hired at the end of a training period, then this is not a good program. I did not suggest that it was inappropriate that people on social assistance be given some preferential opportunities, and it is not inappropriate to provide public subsidies for wages.

I tell the minister, although it is not his department, that Quebec is probably famous in Canada for these programs of short-term wage subsidies to people to work in marginal industries. The churning that went on in those industries was phenomenal. As soon as the wage subsidy ran out, son of a gun, the employee was not suitable, and another welfare recipient came in the front door at a subsidized wage. Quebec did that for years in a number of different areas using federal-provincial cost-sharing wage subsidy programs. They were universally evaluated as fundamentally useless programs. All they were was cheap wages for employers, essentially nothing more than workfare.

So my comment was not, stop helping welfare recipients to get off social assistance and into the workforce, but do not do it in such a way that you simply use these people as fodder for employers who are providing a less than attractive work opportunity.

I just add for the minister that according to people who talk to me from TeleSpectrum, the pay cheques that they receive do not have a company name on them, which is very interesting. They have a magnetic

identification so that they go through the right account, but there is no name on the pay cheque, so they are not sure whether they are being paid by TeleSpectrum, PR Staffmax, AT&T. They do not know who is the actual payer because it is an encoded magnetic ID, not a printed name on the cheque. I have never seen a cheque like that, by the way. I thought it was kind of unique. Most companies like to advertise their names, but in this case, no name at all.

Mr. Downey: Mr. Chairman, two points. One is that it cannot be substantiated, the concern brought forward that they are using this as a wage subsidy at TeleSpectrum. The manager said that was not the case and would not be the case, so it cannot be substantiated what he is bringing to the table. It may have happened in some jurisdictions. To my knowledge, it is not happening here—one of the things that I will further check.

The second point is, TeleSpectrum has not been in business long enough and have not been going long enough for us to do an audit to know exactly the issues that he has raised, but now that it is raised, it will be part of what we look at.

Mr. Sale: Well, just so we are clear, Mr. Chairperson, what I am understanding the minister would ask his staff to do is to assess the length of time after a wage subsidy runs out that that particular staffperson stays with the company so that there is some job retention verification that in fact we are not just churning wage subsidies through this company, but that people stay and have whatever their abilities entitle them to in terms of longer term employment.

Mr. Downey: Yes, Mr. Chairman, that will be noted. As well, of course, it does not pertain totally to this kind of a situation where there is a subsidy, but in most cases, I have always taken the position, if the cheque is signed and it will be cashed, I have never seen too many of them turned down.

Mr. Sale: No, I quite agree with the minister that most people are happy to cash the cheque, but it is kind of interesting that the name does not appear. At least, it did not on the cheque that I saw.

Two other concerns in this regard. The minister wonders why he has not heard any concerns. Let me

just ask him to understand how vulnerable the people involved in this situation feel. For many of them, this is the first job they have had in a long time. For many of them, they are the victims of the downsizing in retail industries that has taken place. They are not highly skilled people. They do not have a resume. They are often older and have the added discrimination that often is attached to older workers who are not sought first as employees. They often are sole support. They feel that if they raise questions about this, they will be discriminated against by their welfare worker or by their social assistance worker.

The minister may say that would never happen. The experience of people in the field is that it does happen, that people do get harassed. So I would tell him that I think when people come forward, they come forward almost always very fearful, very concerned about keeping their names confidential because they fear reprisal. They fear being fired, because they have seen people fired on the spot for much less than they are doing, which is to raise some fundamental questions about employment standards.

So I understand why the minister has not had concerns raised to him, and I understand why opposition does. I suspect that when he was in opposition similar concerns were raised sometimes to him. So I am not at all surprised by that, nor am I surprised that the supervisors and owners of the company will tell him that all is well in Georgia. Of course, what else would they say? Would they tell you that cheques sometimes are short as much as a hundred bucks and that it gets made up over a series of weeks, and often the people are not there to have it made up so, son of a gun, they are short wages. They are not going to tell you that, but that is what staff will tell you.

* (1610)

So that is why I am saying, do an evaluation that is a fair and honest evaluation that protects people, people's identity and protects their employment and really finds out what is going on in this industry.

Mr. Downey: Mr. Chairman, again, I think it is important to note that we have the Department of Family Services and the Department of Education very much involved, working directly with these people, on

a direct involvement, probably very much a first-name basis, and I think there is a relationship that develops, so government is very present as it relates to what is going on. I think if there are problems, they would be identified and identified quickly.

So it is not that we just make an agreement with the company and say, carry on, this is a subsidy; we are going to pay these salaries. I know the people who are involved are very qualified and are very anxious to help make this work. So it is not that government is not involved; we are involved. There can always be people who fall between the stools. Things happen and, again, I will try to determine a system that would allow that to be identified. Thank you, Mr. Chairman.

Mr. Sale: Pass. Reasonably shortly, I guess, we go through this whole (b) appropriation, but I have a couple of questions on the Capital Fund and the TD Manitoba Fund. These two funds have been folded together into the Manitoba Business Expansion—not the Capital Fund, sorry. The Business Expansion Fund and the Venture Loan Program have been folded together into the Manitoba Business Expansion Fund. Is that correct?

Mr. Downey: No, it is not correct, Mr. Chairman. Because of lack of participation, the TD Manitoba Fund has, in fact, been wound up.

Mr. Sale: Mr. Chairperson, were guarantees made under that fund or did the program simply not ever extend any guarantees?

Mr. Downey: Mr. Chairman, it was a one-year pilot project. There were a few loans made but not enough to be of substantive use, and so it has been wound up. I will check as to the status of the loans that were made, but the terms would have to be fulfilled as it relates to this program.

Mr. Sale: Mr. Chairperson, could the minister provide the committee with a list of the companies whose loans were guaranteed by the province under that program?

Mr. Downey: Mr. Chairman, basically those were directly given by the bank, I think, and so we have a loan guarantee program under the Small Business Development Program. This was a separate program in

which the bank carried out the actual loans. There were very few. Again, I do not know whether I am able to do so, but I will take as notice, and if I am, provide that information.

Mr. Sale: Mr. Chairperson, it says it is a loan guarantee program, and presumably what that means is the province guaranteed the loans. If the province guaranteed a loan, what would be the difference between the many companies that are listed in the annual report for which loans have been guaranteed or committed or partially forgiven or whatever and this? Again, this is public money. What companies were guaranteed?

Mr. Downey: Mr. Chairman, I will take it under notice, and if I am able to provide the information, I will.

Mr. Sale: The Manitoba Capital Fund, Mr. Chairperson, same questions here. We have CIBC involved, a number of pension funds including, I think, the teachers', and I am not sure whether the Superannuation Fund is in there, but could the minister tell us who are the partners in Manitoba Capital Fund?

Mr. Downey: Mr. Chairman, CIBC is involved. The teachers are not involved in this. I guess my biggest disappointment is that we did not have any of the public funds available.

Yes, Mr. Chairman, here it is. I can give it to him. It is the province for \$5 million, Canadian Imperial Bank, Civil Service Superannuation Fund, Workers Compensation Board, and MPIC fund.

Mr. Sale: Mr. Chairperson, can the minister provide a list or an outline of the activities of this fund and a list of the companies that the fund has been involved with?

Mr. Downey: Again, Mr. Chairman, I will check the agreement. If it allows us to do it and I am able to do so, I will.

Mr. Sale: Mr. Chairperson, surely the minister's staff knows whether the agreement provides for release of the simplest of information. I ask the minister again, will he undertake to provide information about the activities of this fund?

Mr. Downey: Mr. Chairman, as the member knows, we are in for \$5 million. There are other partners in the agreement. We would want to make absolutely sure that they were comfortable with any disclosure of that information, because what we do not want to do is either break an agreement and/or, in setting up a capital fund, deter anybody from getting involved because of the fact the province discloses information that could well be a problem for them. So that is the best I can do for him at this time.

Mr. Sale: Mr. Chairperson, give us a break. The Civil Service Superannuation Fund is the civil service employees of Manitoba, government-directed. Yes, it has some arm's-length investment activities, but it is essentially a public-sector pension fund. Workers Comp is, depending on your view of the world, either forgone wages or forgone profits on the part of companies. It is provincially administered, entirely within the public sector in terms of its statute. MPIC is a provincial Crown. How can we defend to Manitobans that we are investing in venture capital and we have a lower standard of accountability than the private sector does when it invests in venture capital? It does not make sense.

It says here in this Supplementary Information: "This \$25 million Fund is expected to support the creation of over 1,000 jobs during its 7-year term which began in 1996/97"—last year. "Approximately \$15 million of its \$25 million total capital has been placed in Manitoba businesses . . ." Which businesses? What is the need for secrecy?

Mr. Downey: It is not a matter of secrecy, Mr. Chairman. There are people who are involved in an agreement of which we are a \$5-million participant. The Canadian Imperial Bank of Commerce, it is not a public pension fund. The member may get impatient all he likes. I will make absolutely sure that I am at liberty to provide information to this committee. It is not a matter of secrecy. I am pretty proud of the fact we were able to set up a Manitoba Capital Fund with \$25 million invested by the province and other people.

My disappointment is that we did not get more pension funds from the Province of Manitoba, the City of Winnipeg, the teachers involved in this fund. That is what my difficulty is. I have no difficulty with

accountability and the questions that he is raising. I have every reason to support being as accountable as possible. On the other hand, there are reasons that may present themselves that may cause a caution.

Three minutes ago, if I can remind the member, he was bringing the attention to this committee that there were individuals who, having difficulties at the workplace, would not want to disclose it because of some ongoing problems. I can appreciate what he said about those individuals who would have those concerns. Equally, there may be some concern as it relates to this situation, not exactly the same, but we are still dealing with people and the disclosure. I have no trouble with as much disclosure as possible. In fact, I believe very strongly in as much information as possible. On the other hand, I do believe that one has to live up to an agreement. Staff are going to double-check whether or not we have the ability to do so.

Mr. Sale: I would like the minister to respond as quickly as possible on the question of whether or not it is possible to let this information be made public according to the agreement. If it turns out that it is not, will the minister investigate whether the agreement should be amended so that public accountability is possible? I am not talking about seeing the private tax returns of companies that are private companies that are not required to publish their tax returns under Canadian law. I am simply saying, where did the public of Manitoba put its money? Where did the public, who pays for the Workers Comp Board by a variety of mechanisms, put their money? Which companies, which 1,000 jobs are due to this public investment or at least partly due to this public investment?

* (1620)

Put it another way. If a company is the recipient of capital investment from such conservative "organizations" as the Civil Service Superannuation Fund investment body, the CIBC, MPIC, which is not known for making high-risk investments, if a company has got that kind of investments, surely that would be a plus for that company and it would want people to know, in fact, that it was seen as a worthy recipient of capital funds from the citizens of Manitoba in a variety of ways.

The only possible reason for hiding this information is that there is something to hide. Assuming that the minister has nothing to hide, then why would this not be public like the great long list that the minister puts in every year that goes to pages and pages and pages of companies that have got anywhere from a million dollars to a couple thousand dollars? There does not seem to be any problem with all of these companies. What is the difference?

Mr. Downey: He answered his question. I am not secretive. I am more than prepared to provide all the information where I am able to do so. Following his argument through, he feels as a member of the Legislature he should be privy to all the investments made by these companies in whatever they are doing. That is really what he is saying, that he should have information as to investments made by the Canadian Imperial Bank of Commerce, Civil Service Superannuation, Workers Compensation Board and MPIC. He may have. I am not sure that he does not have. Extend his argument right through, he thinks he should know about all of these things and about the investments they are making.

I have no difficulty personally in providing him as much information as possible. They may not have any problem. I would think it is a courtesy to double-check, No. 1, the agreement and, No. 2, make sure that they have not got any discomfort with this. If they have and I were to disclose it, at least allow me the opportunity to have expressed it and discussed it with them. They did not know we were going to be in Estimates today discussing this. I did not know we would be discussing this today, although I had an idea we might be. As it relates to when will he get this information and the response, he will get it probably tomorrow afternoon when we start committee, or whatever time we go into committee. I will attempt to provide that information so that he has it as we are still in committee, unless by chance we finish it tonight. If we do, I can proceed to give it to him in writing within a day or two.

Mr. Sale: Pass (b) then.

Mr. Chairperson: 10.2(b)(1) Salaries and Employee Benefits \$749,100—pass; (2) Other Expenditures \$235,400—pass.

10.3 Programs (a) Manitoba Industrial Opportunities \$11,893,700.

Mr. Sale: Pine Falls, the company has repaid, I think, some of its loan—it may have repaid all of it by now—but it certainly repaid some of it. Is the de-inking plant commissioned there yet?

Mr. Downey: Let me just take a minute here, because I think it is important we do this. My understanding from the department is that it has been commissioned. Here is an example of where the province—and the member was berating me some time ago about overexposure, whether it was in, I guess it was in Isobord he was concerned about. Here is an example, Mr. Chairman, where the Province of Manitoba extended to a community with very limited resources, very limited resources, to take over a project that had been—yes, the technology had been proven, the long-term, old-time technology had been proven, but new developments were coming to the table, environmental works, the de-inking, relatively new technology.

Again, confidence was placed in the community of Pine Falls. I want to compliment the management, the workers and all of those people who took upon themselves the risk and the responsibility, yes, backed up by the Province of Manitoba, by a commitment of a \$30-million loan guarantee, but it was a partnership between the community, the banking industry, and the Province of Manitoba. Mr. Chairman, I am pleased—

Mr. Sale: There were some labour unions involved.

Mr. Downey: I said labour.

Mr. Sale: Did you?

Mr. Downey: Yes. I am sorry the member thinks I am trying to exclude anyone. I will include everyone. I said the workers, the labour unions, everybody—I do not want to exclude anybody—the people who had confidence, the outside capital that came to the table, all those people who made that project go. It is important to note, and I congratulate them for the hard work, effort, the foresight and confidence they had.

I will report that yesterday the loan was completely paid off. They did not use the maximum amount of

money, but they used some of the money, and it has been paid off. In honour of that, I will put it on the record right here, and I hope the member does not disagree and try to vote it out of my Estimates, I am planning to put on a reception and tell the whole world how successful that enterprise has been.

I am not so sure whether they would want the member opposite to be invited, but I would do my best to try and see if they would allow that to happen. Mr. Chairman, I am just trying to be smart. Mr. Chairman certainly will be invited.

But, no, I think it is a time when you see these successes, and there are times when governments have to extend a commitment to make some things happen. If one were to look at it as I know he has to do as a critic, you go through everything with a fine-toothed comb. The member for Elmwood (Mr. Maloway), certainly of the mind to try and extract something that he thinks he has going for him—[interjection] The point is that you have to, at some point, have confidence that things are going to happen and happen positively. Here is a real example of that happening, and I am extremely proud to have been part of it, as all my colleagues are in the Legislature. I have to give special remarks to the chairman, who was very much involved, and also the member for Lac du Bonnet (Mr. Praznik) was very much involved.

But it is a success story, and we will have a little event over this. I hope the member does not object.

Mr. Sale: I had the opportunity to talk with a number of the senior officers of the company about ten days ago, or two weeks ago I guess. They indicated that the loan was in the process of being paid off, and I am really glad that that has happened. If the minister wishes to include others in his invitation, I am sure some of us would be glad to respond and enjoy his hors d'oeuvres, assuming that there would be some hors d'oeuvres. Well, crackers and cheese.

One of the issues around Pine Falls for years has been treatment of effluent and concerns of the First Nations community that is adjacent to Pine Falls. Can the minister indicate what the levels of work that are or need to be done or will be done in terms of effluent

treatment and discharge into the Winnipeg River system?

Mr. Downey: It is my understanding, Mr. Chairman, that the Department of Environment is fully involved in any measuring or any activities that are going on there. I can report, I have not had anybody report to me that they are unacceptable, that they are outside these standards, but, again, that would be an appropriate question for the Minister of Environment (Mr. McCrae). That is whose jurisdiction it falls under. I guess the opportunity that I see coming out of the by-product is a fibre product that could well be further manufactured into a garden mulch or something like that that comes off of the waste system. I think it is another industry not unlike the straw industry. Although you would not build a building block out of it, you may make an enriched mulch for gardens or something like that. I do not know whether they are doing that, but I would hope that they would look at something that would further add value to what appeared to me to be a product that had some potential value.

On the emissions, Mr. Chairman, we can check with the Department of Environment, but I have nothing reported to me that they are not meeting the standards.

Mr. Sale: Mr. Chairperson, are there any discussions underway with the department for further or other assistance in terms of capital developments, particularly around environment or discharge or use of wastes, recycling of wastes?

* (1630)

Mr. Downey: Mr. Chairman, I am not aware of any directly that are currently going on, but I do know that the principals of the company are looking at opportunities that they may be able to—this is not in the waste treatment that I know of or in the by-products, but in how they could expand the mill operations and add more activity to that mill. I think it is a growth opportunity that they are looking for.

I had some very preliminary discussions with them at an event that was out there a year or a year and a half, two years ago maybe. So I would hope that they would look at what opportunities there are to grow and expand

the industry, because I had some previous involvement as it relates to Northern and Native Affairs with Channel Area Loggers that, when you get into the northern communities, they depend very heavily on that mill to provide jobs, not only for the provision of wood but in the replanting of the forestry. You get all the way up the east side of Lake Winnipeg where there is a good source of product for the mill so that it is an opportunity to enhance jobs.

So, if the mill itself were to grow and expand, it means a job opportunity for, particularly, our native communities on the east side of Lake Winnipeg. So enhancing the mill, all the work they are doing, can in fact be beneficial to that whole region. Again, Mr. Chairman, I know there were some preliminary discussions. I cannot say today whether there are with the department, but I am not aware of any.

Mr. Sale: Mr. Chairperson, in the Manitoba Small Business Expansion Fund, the trouble with this Estimate is that we have got capital in various places. So I apologize for going back and forth a bit, but capital comes up in a number of places interrupted by Pine Falls Paper as a particular company. The expansion fund appears to be \$500,000 this year, and the capital loans are up to \$150,000 now. Obviously, that is the maximum. But that would seem like a very small fund. Could the minister comment on the scale? It just seems to be a very, very small fund.

Mr. Downey: Mr. Chairman, the amount that is being listed here is only 7.5 percent of the amount of money that is put into the portfolio, and that each financial institution would be putting in 5 percent, I guess, is how this reads. So over a five-year period we would be involved at \$2.5 million, and it is anticipated that it could lever in excess of \$43 million in loans. So this is a small percentage participation by the Province of Manitoba.

Mr. Sale: Mr. Chairperson, then the \$500,000 is actually the loan loss reserve? It is not the program itself.

Mr. Downey: That is correct.

Mr. Sale: Mr. Chairperson, again, a general comment that has come to me through a number of people who

have raised interesting possibilities. I am sure the minister's staff probably go nuts with inventors who have the greatest thing since sliced bread or the newest mousetrap on the market, and I am really glad there are people like that around in Manitoba, because sometimes they do. We have had enough experience in Manitoba with people who have designed some products which at first seemed very strange but, son of a gun, we are awfully glad that fellow built a sandbagging machine this year and now is selling to various places after he saw the problem of filling a lot of sandbags by hand and decided that he would build a better mousetrap and he did.

But I get a lot of calls—that is not true, not a lot of calls—I get perhaps 10 or 15 calls a year from inventors who have a product that they believe is useful and has a market. They do not have any money usually, and it is maybe the nature of inventors that they are not very good business people often, but I have always had trouble finding the right place to send these people. It always seems that when I send them to one or other of the government, federal or provincial, offices, they are met with a very bureaucratic kind of response that says, can you not fit through our bureaucratic hoops and, of course, the answer almost always is no, of course not.

I use the example of one man who is on social assistance, but somehow over the last few years he has managed to prototype a grabbing device which would be used by somebody with a handicap, for example, to lift a box of crackers down from a shelf. It will also pick up a coin as thin as a dime off the floor. This fellow has managed somehow to engineer this product with lightweight aluminum—very good leverage. It does not take much strength so someone with arthritis could probably use it. Neat as a pin. He has little head adapters that you can put on it to do different things, and he somewhat shyly told me that with these little scoops on the end that it was great for picking up the remains of doggy doo-doo in the backyard. He said this thing will do all kinds of grabbing and picking. I was impressed. I thought this is an amazing guy. He is on social assistance, he lives alone, and somehow he has put this together. Where do I send him?

Every program wants the inventor to have some percent equity. Well, his equity is already there on the table. He has prototyped this thing. He actually even

has a business plan. He got himself through a federal business development course business plan, and he has quite a decent business plan with all the costs of the moulds and how many there would have to be produced and how many would have to be sold, but he does not have a nickel. Here we have a variety of funds and programs, but it seems when you send somebody to one of these centres there is almost like a cookie-cutter format that they get processed through.

I wonder what the minister could suggest or how he could respond. I am sure he has met these people, and I just have this feeling that out there, there are in Manitoba probably a couple dozen really good products, but not that investor capital to get past first base. Is there anything that the minister can suggest that we could do about these kind of folk?

Mr. Downey: Mr. Chairman, the first thing he brings to the attention and he has been involved in the bureaucracy pretty much and knows what it is, but the answer that most people get, you get the thousand reasons why they cannot help you rather than the one reason why they can help you. It is a legitimate question, it is a legitimate concern, and I raise that from my position as a minister. I guess coming at it from where the member was talking earlier, the responsibility of the taxpayers making sure that everything is open and public and that there is a request in most programs for some type of participation. I guess the question is, if somebody is so absolutely down and strapped that they have been able to put all their time and effort into this project and it is such a good plan, why do they not have some resources to help?

We do have a program. It is called the industrial commercialization program, but it does require some participation by the individual to take a product, to take a project that has been invented and take it to the commercial market. So I think we have gone partway in helping to do that, so that if you have a legitimate invention, it looks good, somewhat reasonable—and I know we have been involved in a few that, quite frankly, he made a comment about the handicapped. I know there is one project that came to mind, and it came out right at me as if, you know, what are we doing here?—but it was a product to help disabled persons curl. It was an apparatus to do that. He is maybe aware of the product.

To me, you know, initially you say, well, but I think it makes a whole lot of sense because there is a considerable opportunity for marketing the product, but it needed some help to get it from the invention stage to the commercialization. We can help, but it is a cost-sharing agreement. I do not know of anywhere in government you walk in and say you have a better mousetrap, here is \$20,000 of our money for you to get that better mousetrap into the marketplace.

The point is that they are expected to have some resources of their own. It is a problem I think we will always have. It does not make an excuse though for a person, and I am pretty straightforward on this. If a person cannot help them, they should tell him so at the outset that there is not a government program that will help you. Here is a potential angel investor or here is somebody else and take them to that individual. But do not say, well, you know, it takes six months to go around and around the mulberry bush, and then say no. That is not fair and that is not the way in which I would want to see it carried out. Maybe it is that way, but I am a believer that "no" is also a word in the dictionary that some people will accept; some will not.

* (1640)

Mr. Sale: Mr. Chairperson, that is exactly the experience that a number of these folks who have talked to me have had, that officials are reluctant to say no because maybe they even see the merit in what is being presented, but they do not want to discourage the person and that is valid. I mean here is a guy on social assistance. He has a slight handicap, not a huge handicap, but it is significant enough that it would be a problem for employment. He is a bright person, intellectually very capable, but life has not dealt him a very fair hand and he is up against it, and yet he is trying desperately. He is a very responsible person. His suite is immaculate, very poor but immaculate. He is the kind of guy that you would love to have working for you. So, I guess, what I was coming to was this question of these two funds, the Business Development Fund and the Business Expansion Fund.

I just wonder if there is not room for some member of the minister's business staff to have some discretion in some situations to say, look, we will recognize—here is a prototype product, here is the business plan, here are

the costs for putting it together, it works, we will recognize that as sweat equity. I think we recognize sweat equity in the housing field and we recognize it in some other fields, but we do not recognize it very well when it comes to inventions. I know it is a tough world. I also know that probably going through the minister's head is if we spent \$20,000 on this thing and it did not go anywhere, here would be the member for Crescentwood out criticizing, and the minister would be trying to defend himself. I accept responsibility for that, for my suggestion. I guess I am also really sympathetic to the people who are doing their darndest to better themselves and to better their life circumstances, but they do not have any equity. They have brains. They have skills, but they do not have a sou, and I just wonder if there is not room for some small program flexibility that could recognize opportunities and see if they could not be brought to the next stage.

Mr. Downey: Two points, Mr. Chairman. There is some discretion. If the case is brought directly to me—and the department quite often does—if it is a questionable situation, I will do my best to either take it to a Treasury Board decision or make it myself if I feel comfortable with it. There is always a little bit of room to try, a little bit of discretion, not a whole wide range, but I hope I present myself as that kind of person that if it does have a bit of a chance—I will be criticized later on by the member for Elmwood (Mr. Maloway)—but again everything in a responsible way, and that is what the political people are supposed to do, I believe, is to listen to extreme cases. The staff, quite frankly, have their directions and their regulatory regimes which they have to live within.

The second point I would like to make—and I think it is important to put it on the record—that we have a developing activity here in Manitoba, and I hope the member would not be overly critical if I were to advance it. We have the international centre for disabled people in Manitoba under the directorship of Dr. Henry Enns who, by the way, works tirelessly to try to advance the cause of disabled people. We have the Centre on Disabled Studies now at the University of Manitoba being developed. It really is an opportunity for us to, I think, demonstrate for the world, but for the people of Manitoba, that there is a tremendously important community there that can offer a lot through

the industrial development section, and because he has indicated himself and he has an example of a person who has an idea, an invention, that needs a little bit of support.

I am considering looking at how I can enhance and develop—and there are quite a few people in Winnipeg, but there are quite a few people throughout rural Manitoba who are sitting there that, quite frankly, with modern technology, with the Internet systems, are we serving the needs, are we able to do something a little bit better to dedicate a few resources, to try and get a picture of what really is happening, and how we can add to the teaching that will take place at the university as it relates to people who are going to go out and teach people how to deal with disabled people, because you have to deal with people who have had an experience before. It would be difficult for me to go into the university and teach somebody about a disability. I can observe and everything else, but until a person has been involved, how do you really know.

Certain people have teaching skills—it does not matter what it is—they can teach other people even though they have not experienced it, but in this particular situation, there may be an opportunity to enhance the opportunities that could be developed for people with disabilities, tying it into the university studies, tying it into industry. I think industry certainly through Workers Compensation, hopefully, would want to be involved. I know that Dr. Enns is looking for support, for financial support, to further enhance that. They have had tremendous recognition from people from Russia who have been here. There are great associations developing.

I have a little bit of humanitarian feelings in me at times, though the member would never recognize it, and some of the travels that I have made—and he does not like me travelling either—but, Mr. Chairman, I have recognized in certain places throughout the world one thing you would not wish on anybody is to be disabled in some of these Third World countries. It is absolutely the worst situation that people could be in.

So I think that there is a real opportunity to develop with industry here, to further enhance it with our rural and our city and the international centre to do some more work and put some more effort in it. I talked to

him about a little bit of an ambition that I have in this particular area, because I think that there can be more done, not with a lot of money, but I think there are people with time and effort who would certainly want to be part of contributing to it. I rest my case.

Mr. Sale: Mr. Chairperson, I appreciate the minister's position on that. I have spent many years, prior to being an MLA, in work with the disabled community of advocates—Henry Enns, Al Simpson and John Lane and a host of others, Jim Doerksen. There are all kinds of people at the national and local levels and Manitoba, for whatever reason, probably chiefly Henry Enns, Jim Doerksen and Al Simpson, as three remarkable individuals, and John Lane a little later on, although John is in Vancouver now, just seem to be a collection of people who are prepared to advocate and form Disabled Peoples' International. I absolutely echo what the minister said. This is sort of remarkable that we have become the kind of centre that we have, and I hope the minister is successful in doing what he is talking about.

In fact, he probably might guess that I finally referred this chap that I was speaking about with the reaching device to Al Simpson at ILRC, and Al agreed to meet with him and see if there was any merit in the invention, which I was not in a position to assess, and I believe he has done so and I have not heard back from him. But I am still left with the other question as to, where do we send those Manitobans who come to us with what look like on the face pretty good ideas, but they just do not have the capital to move them any further along? Often they have spent all their capital getting to the point of having a prototype, and some of them get quite obsessive about that and they may unwisely spend all their capital, but they feel that they have really got something here and they have spent maybe thousands of dollars getting to the prototype stage but now they are out of luck. What is the minister's advice?

* (1650)

Mr. Downey: On the individual that he has referred to, I would not mind looking at what he is talking about in the individual situation, have the department look at it, but we are bringing together the Industrial Resource Centre with the province and the federal government in

the city at the Winnipeg Library, where all three levels of government have the resources in one place so people at least do not have to go to all a different bunch of offices in the city and do the runaround. They can do one-stop shopping as it relates to an opportunity, and that would be the place I would refer them to, and if they do not get results, then I would certainly want to know why they did not or a justification as to why they did not. That would be where I would refer them to.

I do not want to mislead the member. It is in the process of being set up collectively at the Winnipeg Library, and that is the three levels of government, the city, the province, and the federal government, as it relates to business development supports.

Mr. Sale: Mr. Chairperson, I will pass the gentleman's name on to Mr. Cormack. He did contact Mr. Sutherland and I believe a Mr. Doug Pearson, whom I do not know, but I believe Doug Pearson may work for the ministers either in the department or on the staff, I am not sure which. They had the same problem and I do not dispute that it is a real problem. This man has no capital. So I will pass his name on and would hope that he would get a fair hearing and an honest and speedy response and not get dragged around the mulberry bushes again, because he has been around a lot of them.

Yes, we can pass down to the end of subtotal (b).

Mr. Chairperson: 10.2.(b)(3) Programs (a) Manitoba Industrial Opportunities \$11,893,700—pass; (b) Vision Capital \$2,063,000—pass; (c) Pine Falls Paper Company \$54,200—pass; (d) Manitoba Business Development Fund \$1,539,300—pass; (e) Small Business Expansion Fund \$500,000—pass; (f) Manitoba Capital Fund \$385,000—pass; (g) TD Manitoba Fund—pass; (h) Less: Interest Recovery (\$1,100,000)—pass.

Mr. Sale: Mr. Chairperson, is the interest recovery from loans of the department, et cetera. What is the interest recovery item?

Mr. Downey: The answer is positive.

Mr. Sale: Mr. Chairperson, I noticed a similar item last year. It is somewhat smaller, but that is fine. Is it now the practice generally that revenues from activities

of the department flow to the department in government, or is revenue still flowing to general revenue?

Mr. Downey: The Manitoba Development Corporation acts as the agent, so the funds flow to the Manitoba Development Corporation directly.

Mr. Chairperson: Item 10.2. Business Services (b) Financial Services (3) Programs (h) Less: Interest Recovery (\$1,100,000)—pass; (j) Less: Recoverable from Rural and Urban Economic Development Initiatives (\$500,000)—pass.

Item 10.2.(c) Manitoba Trade (1) Salaries and Employee Benefits \$1,080,800.

Mr. Sale: I think the same comments probably are true here about the staffing. I think that we had the same problem of staff numbers being adjusted to reflect reorganization. Is the explanation the same as it was for the other department?

Mr. Downey: That is correct.

Mr. Sale: This branch has been substantially changed, and I guess you would say upgraded. Two years ago when I first did Estimates in this department the minister indicated that Manitoba Trade corporation was going to be reactivated and become—I suppose that the idea was that it would become a single entity that would be the symbol of Manitoba's trade involvement and that things would be funnelled through this area. It would be expanded, strengthened, and Manitoba Trading Corporation would be the vehicle. I assume that is what we are seeing here is the results of that process.

Mr. Downey: That is correct, Mr. Chairman. As we indicated, we believed we needed the tools and the people to go and further promote Manitoba in the international marketplace. Manitoba Trade was established as Manitoba Trade and staffed accordingly. I can assure the member that the work that is taking place with Manitoba Trade is, I believe, yielding considerable benefits to the province of Manitoba. Our relationships are developing and growing, and I am quite prepared to deal with any particular areas.

Again, I guess when one looks at the success of what is taking place on our trade and our export, while we do not consider we would want to take a lot of the credit for it, to some degree, particularly the smaller companies and corporations that are unable to enter the international marketplace on their own, it is an excellent support for them and some good relationships developing. I can get into some detail as we proceed.

Mr. Sale: I was just going to ask that question, and the minister has anticipated. Could the minister review the results of the trade mission of last year, which was the subject of some comment in the House, in South America and the results of that trade mission, and if he would like to review any others that he would like to identify for us where there have been some results that are useful?

Mr. Chairperson: The honourable minister has about two and a half minutes.

Mr. Downey: Well, Mr. Chairman, I can take two and a half minutes to get warmed up and then get into full flight tomorrow. Pardon the pun full flight, you see.

Mr. Sale: Where are you going this week?

Mr. Downey: It gives me an opportunity to disclose that I had the unfortunate situation at lunchtime today to—I should not say “unfortunate”—I had the fortunate situation at lunchtime today to be at the announcement of Air Canada and their joining with four other international airlines. They happened to have a door prize draw where they drew my name for airplane tickets for two. With the permission of the member opposite, I am able to take my wife, but I am checking with the conflict-of-interest guidelines to make sure that I am able to accept them. So I have publicly disclosed it, Mr. Chairman, and that is how I have used my two and a half minutes up, but I feel that it is a lucky day. I thought I would finish my Estimates, as well, but I am not quite that lucky.

I will talk about some of the missions that we have had and some of the successes that have flown from it. Again, some of it will be private information, but I can give as much information as possible, because I am proud of the work that Manitoba Trade has done.

Mr. Chairperson: The time being five o'clock, committee rise.

HIGHWAYS AND TRANSPORTATION

The Acting Chairperson (Mr. Ben Sveinson): Good afternoon. Will the Committee of Supply please come to order. This section of the Committee of Supply has been dealing with the Estimates of the Department of Highways. Would the minister's staff please enter the Chamber.

Okay. We are on Resolution 15.1. Administration and Finance (b) Executive Support (1) Salaries and Employee Benefits \$438,900.

Mr. Gerard Jennissen (Flin Flon): I am wondering if we could continue in a more general vein asking transportation questions, as was started yesterday, before we get to specific lines in the Estimates, if that is all right with the minister.

Hon. Glen Findlay (Minister of Highways and Transportation): Yesterday we were talking, at the end, about federal money and state of the highway network and some of the challenges we face. I think that was the general nature of the member's question. I would like to continue on that for a few minutes.

I talked in terms of the kind of tax dollars collected federally and provincially and what we have put into the road system, and the fact that there has been no agreement at the federal end for a national highway program, although there has been nine years of discussion in that context.

I want to also mention to the member that over the last number of months, under the WGTA transition fund that was coming to the three prairie provinces to deal with the infrastructure challenge that would be created because of more grain moving from rail to road, we argued long and strenuously for the federal government to recognize that the WGTA transition dollar should be used for road infrastructure. That was the way the money has been distributed in Saskatchewan and Alberta to this stage.

We had a coalition of farm organizations, UMM and this department and Agriculture and Rural

Development, all strongly supporting the principle and advocated it to the federal government that those monies, that some \$26 million worth, should be used to deal with the challenge on municipal and provincial roads. I am sure the member is aware that the Honourable Jon Gerrard then chose to say no to that and has dedicated the money to a variety of projects, very little of it, virtually none of it, going towards roads.

* (1430)

At the same time, in the extension of the infrastructure programs, some \$40 million, \$41 million going to the Province of Manitoba for 1997, we argued long and strenuously that there should be a component of those infrastructure dollars going towards roads, rural roads, city streets, and we are certainly pleased to report that a third of that money, approximately \$14 million, has been dedicated to roads in rural Manitoba. The announcement, as the member is aware, has gone out in recent days for the wide group of roads that have been approved, mostly from municipal applications, so the municipal roads, I think on that list, there are about six, maybe seven roads which would be called provincial, part of the provincial network, usually in a town or village, so it is a piece of road that is important to them.

So we are facing what I call a tremendous infrastructure deficit. When I came into this department three and a half years ago, the deputy and I discussed the kind of wish list that was in front of us in terms of all the requests for road reconstruction, rehabilitation, additional new roads, new bridges, and at that time he came up with a figure of \$600 million on the wish list. That figure has grown to in excess of \$1,100 million and this comes from meetings with municipalities and different interest groups and MLAs, like the member opposite, requesting roads to be done here, there and all over. We have approximately \$100 million a year to deal with the challenge of \$1,100 million in requests, and that is why the fact that the federal government has not come to the table with any dollars to deal with the challenge we have in '97-98 is very, very serious.

We have expended a lot of sweat equity to try to get this to happen, and all the ways and means available to

us, NHP to WGTA to infrastructure. At this point I guess all we have accomplished is a third of \$14 million going towards rural roads in the infrastructure. We still have hope and expectation that the federal government will realize the infrastructure deficit exists across Canada, and that they have to come to the table to improve the infrastructure with capital dollars.

The federal transportation committee headed by Reg Alcock had a series of meetings right across the country a few months ago and really came up with a recommendation of status quo. It had no new money. It had no new, innovative ideas other than possibly what they call public-private partnerships, which was really another word for deficit financing for building roads today and paying for them tomorrow. Not new, not innovative, and not really going to deal with the crunch that is in front of us today.

Today, I think the member used the words "user pay" in his opening statements. Certainly if we build something, we have got to pay for it. If you want to pay for it later, that is deficit financing in another form, and it just puts further burden on successive governments and generations if you do not pay for what you build today. In a broad sense, that is where we are at.

The challenge is daunting. The demand is high. The economic activity out there on our road system is extensive, it is growing. We have tremendous north-south traffic now. When you talk about Emerson, we have got 600-plus trucks a day going through Emerson and about 700 cars, so that shows you the kind of volume activity that is happening there. We talked to the federal minister. We talk in terms of our trade orienting more and more, as the member mentioned in his opening comments, north-south versus east-west. Where we are going to have to spend our dollars to serve that economic opportunity is on dollars on north-south roads.

Nationally, they have a tremendous responsibility to try to deal with the east-west infrastructure of the country. One particular stretch outside of Manitoba that I might mention is a stretch of road around the north side of Lake Superior, not in great shape. The trucking industry more and more is going south out of Manitoba and travelling to Ontario or eastern Canada through the United States. That is losing the economic

activity of those trucks and the buying power they have, whether it is fuel or whatever it is, losing it to the U.S. economy, simply because Ontario has chosen that it cannot afford the costs. We have talked of our problems of building that road without some federal support.

So in a nutshell that is the issue, and I am certainly prepared to discuss it more as the member wants to ask specific questions.

Mr. Jennissen: I thank the minister. Very interesting that he mentioned Reg Alcock. I am also not in the habit of quoting Reg Alcock, but he did have a very interesting analogy or metaphor, though, about our crumbling infrastructure. It is in the Heavy News, such as the Heavy News Construction magazine. If the minister would not object, I would just like to read that into the record. I thought it was a nice analogy. He says doctors tell us that one of the early signs of arteriosclerosis is a subtle weakening of the body. This loss of energy and vitality is all too often dismissed as simply a sign of old age. As a result, the disease goes untreated and the body deteriorates unnecessarily. Interestingly enough, this same process can be observed in our transportation infrastructure during economic slowdowns. We postpone needed work which allows our capital assets to deteriorate. Our transportation arteries become constricted. Our ability to move goods and people diminishes, and the economy loses vitality which I think is what the minister has also identified. What I am asking the minister is, is this then merely an identifying of the problem by Mr. Alcock or purely rhetoric, and there is nothing backing this?

Mr. Findlay: I would say in terms of discussions I have had with Mr. Alcock, and I appeared in front of his committee too, he believes that statement. His series of meetings, he got the message loud and clear as to what I have just said. He has basically reiterated the same thing, that the asset is deteriorating, and if it allows to continue to deteriorate, there is loss of economic activity. He understands the problem but at the end of the day, as I said to Mr. Alcock, you have not brought a single dollar to the table to resolve the problem. A little bit to his credit I guess, at the beginning they used to beat up on the provinces. Through the process he stopped beating up on the provinces. They identified the problems and say to the

province you have got to fix it. At least they have stopped that rhetoric and identified the problem, but they bring to the table no solutions in terms of dollars. You cannot build roads without dollars; it is just that simple. He fully recognized that they take the taxes out of the system, but he has not been able to lever any dollars back.

He has had discussion, and he has really stated the obvious. What you just read is a restatement of the obvious, and as ministers of Transportation, whether we are new or old in the game, we are all getting frustrated. We all know the problem, and we all know who as a player should participate in helping to have a national infrastructure. It is some federal component. I do not care how small they start, but they have got to start.

If I remember some other numbers, we are the only country in the economically developed world that does not have major roads built by the federal government. In the U.S. it is 100 percent. In Canada they put 6 percent of the dollars towards the road system. It is a shame, and every time there is a federal budget comes up they get lots of input, lots of leverage, but at the end they say no. They do not allocate anything. As ministers of transport, ministers of Finance, Premiers, we have all raised the profile; we will all support the initiative. At the federal end they do not disagree with what we say, as they might have a couple of years ago. But they still have not brought any money to the table to deal with the problem, and that is fundamentally the bottom line. As long as they stay away from the table, there is a degree of deterioration that is going to continue to go on right across the country. As mentioned, there will be loss of economic activity, particularly from the commercial sector using the Canadian roads.

I think Ontario is one of the big losers in this game, and I would imagine New Brunswick too because there is an ability to go on the road south of the U.S.-Canadian border and bypass portions of Canada, even though the originating and end points of that trip are Canadian origins and destinations.

Mr. Jennissen: At the same time do I presume the minister is sympathetic to what the federal government is trying to do? They are also trying to do some cost

cutting because they are paying, what, 30-some cents on their debt dollar, whereas the province is paying a lot less. I am sure that would be their argument—not that I am agreeing with the federal government.

Mr. Findlay: The member makes a valid point. Yes, they are way behind the provinces in dealing with their fiscal deficit. All we are trying to do is raise to the highest possible profile the infrastructure deficit and the economic challenge that infrastructure deficit is going to create.

As things unfold in the next two or three or four years, at the federal end they will ultimately get themselves to a balanced budget, no matter who is in government, because that is the agenda of all the parties that have a chance of forming the government. I do not mean that as any kind of negative comment, but it is important that we raise our profile because other interested parties, whether it is Health or Education or other interested agencies, will be arguing that the new expenditure should go in their direction. We have got to raise our profile to the highest possible level that there is. In addition to an economic deficit, a fiscal deficit, there is an infrastructure deficit, and it cannot be left unattended forever and a day.

* (1440)

Mr. Jennissen: When we are talking about infrastructure deficit, the gap between what we need and what we invest in road infrastructure, we notice, though, that that gap, that deficit, as the minister pointed out, continues to widen. We also know that road repairs are costly, that bridges especially are very costly, and I was just wondering if the minister could confirm that the same figures or perhaps different figures hold for the ones that were quoted by the Auditor-General, I believe it is, from Ontario.

(Mr. Neil Gaudry, Acting Chairperson, in the Chair)

He stated in his report that the basic preventative maintenance of asphalt highways such as crack sealing and patching is between \$500 and \$1,000 per lane-kilometre. If such preventative maintenance is ignored, the need for rehabilitation measures will arise sooner than it should, typically about 12 years. Rehabilitation, which includes resurfacing and localized base repair,

costs about \$80,000 per lane-kilometre. If rehabilitation is carried out when needed, the life of the pavement is extended by another 10 to 12 years. If rehabilitation is ignored when it is needed, within just two or three more years the only remaining option will be major reconstruction at any average cost of a quarter of a million dollars per lane-kilometre. Now those are rather startling figures. Are we facing the same figures here?

Mr. Findlay: Mr. Chairman, he is the guy with the federal dollars. Our costs are in the same category, maybe a little less, but as long as roads get used there is a constant deterioration from the wear and tear of use, as well as we have the weather-related deterioration, the freezing and thawing that is as bad here as it is anywhere.

The member mentions preventative maintenance. Absolutely. The more you can do, either in preventative maintenance or in research to how you build the roads and research into how you maintain the roads, you can prolong the life. Our objective constantly is, find the lowest cost way to maintain the road for the longest period of time.

I might relate to the member a story I picked up in P.E.I. just to understand, there are different ways to do things. The member mentions bridges, and I was in P.E.I. and we were at a ministers' meeting. They took the ministers out to the Confederation Bridge, the fixed link from P.E.I. to mainland Canada. We were talking to the head guy, and I want to also tell the member, this is a totally Canadian operation, Canadian engineers, Canadian ingenuity, the biggest Canadian research engineering project probably in a long, long time. It has brought a lot of world recognition to what they are doing. They had the sections there, the sections which are two football fields long that they build on the mainland and then haul them out by 35-storey-high boat out and put them in place with GPS positioning.

I asked them: What is the length of life of this bridge? And he said, oh, 80 to 100 years. You would more or less think 25-50 years here is what I have heard from our people over the course of things. How do you get this long life? Well, this is a design, build, maintain, finance project by the private sector where they signed a contract that they were going to build it,

maintain it, and get the revenue from the use of it over 35 years along with a constant federal subsidy of \$35 million, \$40 million a year, I believe.

(Mr. Ben Sveinson, Acting Chairperson, in the Chair)

So they built it to a much higher standard than would normally be the case or that we might build here in terms of the standards we have used. The interesting part of the story was, I said, well, how do you do that? He said, we source the very best aggregate in Quebec. He said, in the process of signing that contract and being sure that everything over the four-year period was on time—it was all scheduled out on time, on time, on time, because there was a big penalty if they did not have it open by June of '97, which is upcoming very shortly. He said, we have sourced the very best aggregate in Quebec. He says, the biggest challenge we had in all our planning was the Quebec referendum, because what they signed would have been an agreement that would not have been valid had it been a yes vote. So they were exceptionally nervous. It was the most nervous issue they had because they had a serious problem if it would have been a yes. So they actually went and signed an agreement with the potentially winning side in that argument in case it was a yes.

So that is the complexity of it. All I want to point out is, there is an ability at a higher cost to build something to last a longer period of time, and I am sure that is true with everything. I talked about the smart bridge that is being built at Headingley. Clearly that process of building, that process of information gathering to manage the wear and tear on that structure will allow appropriate and effective maintenance to prolong the life. In a per-year-of-use or per-vehicle-use entity, however you want to measure it, hopefully the bridge is cheaper in the long run and its replacement time is reduced.

What I am saying is not unique to Manitoba. It is not unique to any jurisdiction. It is just a global infrastructure deficit, and I have seen a figure of global infrastructure deficit, and it is in the trillions, I think maybe \$3 trillion or something. It is developed by the industry as a plot. Whether there is a future for them, there is a tremendous future, because everything that is

built has a deterioration wear-and-tear factor to it and always needs to be replaced.

That is the issue we face, and I do not know what we can do other than maintain the highest possible profile. We have got a high profile here. I think we have got a high profile with the different federal parties that are running, and nobody disputes what we say about the need, nobody disputes the fact that there is an infrastructure deficit. There is a tremendous economic benefit in the building capacity and the use of the infrastructure, but the source of the dollar remains the big hurdle that we still have.

The member might say, well, just raise the taxes and collect some more revenue. We have been on a constant agenda of not supporting increased taxes. We say constantly live within your means, and many provinces support us in that context. So it is a matter of choosing priorities, and we hope that at the federal end ultimately, it will choose a priority that road infrastructure replacement, rebuilding, refurbishing, maintenance becomes something that they are prepared to participate in Canada-wide.

Mr. Jennissen: Now, just to clarify for the minister. I was not advocating an increase in taxes, but still the dilemma is there, and sometimes an ounce of prevention is worth a pound of cure. Sometimes you have to borrow a dollar to save a dollar, and I wished we did not face that dilemma, but we do.

But just as an aside, the minister did mention the Headingley bridge again. Just for my clarification and I am really unsure about this, but reading that some of the up-to-date, modern cutting edge technology material is being used has 600 times the strength of steel, now I find that hard to believe, I guess is the word. Like, how do you test the material and say it is 600 times as strong as steel? Do you put 600 times as much weight on it or how do you do this?

Mr. Findlay: Mr. Chairman, I think the figure that they use is 10 times the strength of steel, and it is a carbon fibre. I have seen it in rods. I have seen it in mats. I was telling the deputy I want to go see that bridge to see what they have done and how they use it, but it is exciting and from the standpoint of what they are doing relative to that bridge, the fact that the

research activity is headed by Dr. Sami Rizkalla at the University of Manitoba is exciting as here.

Ultimately, as this technology becomes more cost-effective, there is also a whole economy in making the material and selling the technology for its use worldwide as opposed to just here. So it is not only what it can do for our infrastructures if we can create in terms of engineering and manufacturing capacity and capability in Manitoba or Canada for export to the world. So there are a lot of benefits from being at the leading edge in terms of this kind of technology.

Mr. Jennissen: I thank the minister. Back to the national highway system though. Thirty-eight percent of our national highway system is substandard and, in fact, CAA Manitoba has listed how it is substandard. I would like to just go over those points. I think it is good to have them in the record. It is entitled, What is wrong with the national highway system? I just want to go through them and see if the minister concurs that is indeed what the problems are.

Number one, funding for roads has been decreasing, car and truck traffic has been increasing. Secondly, much of the system is already beyond its intended life span. Thirdly, in 1988 the national highway policy study revealed that 38 percent of the system was substandard. That percentage might have risen, since provincial funds for highways have not kept pace with maintenance and repair needs. Fourthly, 33 percent of the system is substandard from a geometric design perspective which compromises safety for users.

* (1450)

The next point is, 18 percent is substandard from a serviceability viewpoint, meaning traffic cannot move at 90 kilometres per hour under normal conditions because of poor surface or congestion. Next point, 26 percent of pavement surfaces are substandard, delivering a poor ride. The next point, according to CAA national survey, 30 percent of members rated the condition of their roads and highways as good in 1990; but by 1994, only 18 percent gave their roads a good rating. The last point was, Canada is lagging behind its NAFTA partners in highway transportation. United States has an interstate network of divided highways and a national highway system of other key highways.

Mexico is currently building a high quality national highway system. Canada's national highway system continues to decline.

I could add, and I think I talked to the minister yesterday that some of the European roads I was on last year are just phenomenal in terms of being modern and safe and wide, just quite a difference from what I see in Canada. Would the minister comment whether he agrees first of all with the CAA list?

Mr. Findlay: In terms of a long list of items, fundamentally, no, I cannot disagree with what they are saying. They make comments about, you know, funding is decreasing, traffic is increasing. Well, funding, if we take into account inflation, maybe you can say it is decreasing slightly, but it is reasonably consistent and constant, at least from our point of view. Provincially, yes, the federal dollars that we once had have shrunk. So, yes, I guess you could argue that we were up at \$110 million at one point in terms of our capital annual budget, and now we are down to roughly \$98 million. Definitely traffic is increasing; there is no question about it—particularly large truck commercial traffic is increasing.

Just as a bit of information for the member, when we do traffic counts, that is how we judge a traffic increase for sure. The numbers increase. Generally you run 10, 12, 15 percent trucks on most roads, and a really high tourist road, a low truck traffic one, might run 5 or 6 percent trucks. Recently measurements were made on Highway 16, and it is up to 21.6 percent trucks. That is phenomenally high for trucks, and to think that road can withstand that kind of use based on the way it was built a few years ago, and the sections have been built over the course of time. We are starting to see more wear and tear on that road than would have been predicted from the kind of use that was projected when the road was built, so an increased challenge to the road because of the increased traffic in total, particularly the big increase in truck traffic.

I think the member mentioned NHP and the significant need for it, and all that. It is all part of that picture.

The safety and the geometry of roads. As we do things, we constantly try to respond, but building a

turning lane, say, in a location where a high through-put elevator is built, where you know you are going to have a lot of big truck traffic, particularly semis in one form or another turning, you can spend \$400,000, \$500,000, \$750,000 quite easily just building turning lanes to accommodate those big trucks, to improve the safety for the through-traffic public, give those trucks some place to go when they want to make a turn or some place to speed up when they are coming onto the road.

The member mentions going from 30 percent good services in 1990 to 18 percent in '96, probably symbolic of what we said in terms of the infrastructure deficit. We are losing ground as opposed to keeping up. I think I can say to the member that we put roughly the \$100 million a year into capital, into our roads. I think analysis like what he is mentioning would indicate that to stay even, to keep up with the rate of wear and tear and deterioration, we should be spending around \$125 million a year—that is on the existing network—and we should also, at the same time, be spending about another \$50 million a year on new road construction, like four-laning in existing two-lane ones, as we are doing with 59 south, converting it to a four-lane—14 kilometres is going to cost \$60 million. You know, it is big dollars, short distance—or the interchange at Lagimodiere, or Highway 59 at the northeast corner of the city, the interchange with the Perimeter. Currently, it is level lights at the interchange, and it is a \$29-million cost to build the infrastructure for the interchange there. It is big because of the high-traffic volumes, and that is an astounding figure, but it does symbolize what we face. At the same time that you spend that kind of money on two kilometres of road, you have got another 18,000 kilometres that you have not spent money on.

The member mentions Canada versus the U.S. I suppose, certainly, you could find some U.S. roads that have been rebuilt and they are in fantastic shape, but a lot of their interstate network was built in the '60s, you know. Well, some of it which I have driven on, it is starting to show wear and tear, and I am sure they are scratching their head where the dollars are going to come to rebuild the tremendous network that was built in the '60s, which was away ahead of us at that point in time. Whether they are ahead of us in terms of the infrastructure deficit they face today, with the kind of large cities they have and the high cost of building

roads in and around the cities, I do not have a handle on, and I do not know if my staff do either, but we focus on the challenges we have got at home.

We know our challenge; we know our problems; and we know the demands that are out there—and the increasing demands. Every time you hear an investment, whether it is in Winnipeg or anywhere in northern Manitoba or southern Manitoba, an investment of \$50 million creates a 100 jobs or \$250 million creates 200 jobs, there is always an infrastructure need associated with the activity of that operation on an ongoing basis, whether it is lumber, mining, or whether it is agricultural processing. There is always a challenge.

I mentioned to the member about timber hauls in the North and ore hauls, and the railway question of less track and more tonnage running on the roads. The operators, the users, the bill payers see a greater efficiency, cost efficiency in many cases of running on the road, but the taxpayer does pick up the roadbed costs on an ongoing basis.

We are in a state of rapid evolution. To think that we are going to catch up is quite a challenge in the next two or three years. I would like to think we are, but again I come back to one common denominator. Until we get some federal dollars in this system, every province faces exactly what I am talking about.

Sometimes I think we have got big costs. The member mentioned some costs. It was not too long ago when we had a ministers' meeting in Victoria to see the kind of roads they are building on Vancouver Island and the challenge they have to build them. Our costs are nothing compared to what they face. Either it was land cost or it was construction cost because of all the rock or because of all the bridges that have to be built. Everybody has got their challenges. Whether the Canadian taxpayer can continue to supply the kind of road infrastructure we need in a vastly scattered country like Canada remains to be seen.

First we have the scattered principle, we have long miles, but also at the same time our population wants to concentrate in the cities. In order to build the roads to serve that, again the costs rise exponentially. I do not

paint a very good picture at times but, nonetheless, that is just exactly as we face it.

Mr. Jennissen: The minister mentioned that construction dollars have stayed relatively constant over a number of years at roughly \$100 million. In fact, if my figures are correct, 1981-82 \$97,950,000 and some change, so the figure for 1981-82 is about the same as for this year. Now, in those 15 or so years, that means a lot less dollars, because we are talking, this is 15 years later. I know the cost of inflation and so on and so on. Although we are constant in terms of dollars, we are not constant in terms of bang for the buck. What the minister is saying in effect is that we are gradually on a down slope. Is that correct?

Mr. Findlay: He said '80-81, but in '86-87 it was down around \$85 million, and we got it up over 100 to 110 with some federal dollars in the SHIP program. It slipped back as federal dollars had disappeared from the SHIP program, slipped back to where we are at today, just around a hundred, that we identify as direct capital. We have other aspects. Whether it is the grant in aid for streets, the bridge program, or the roads that we do for the former LGDs, our total capital, as you will see in the Estimates, comes in around \$106 million.

All I will say to the member, we are way short of what is urgently needed to maintain our infrastructure at what I would say the level that most Canadian users want us to be at. At the same time, they are not prepared to see more taxes to achieve that, not at this point in time. That might change in a few years, but at this stage they are saying, do what you have to do with what you have got.

* (1500)

Mr. Jennissen: It is still disconcerting to realize that in 1982-83, which is a year later, we were spending more money on road construction than we are today in 1997. So it poses a real problem.

The minister makes reference to the fact that there has to be funding, and of course everybody has identified lack of funding as a big villain here. Does the minister support an idea such as the CAA campaign, which asked the federal government to

contribute 2 cents of every 10 cents collected in gas taxes to fix the crumbling national highway system? Would the minister favour that kind of an approach?

Mr. Findlay: Yes, we do. As I said earlier, NHP has been developed in principle as a road network, and the kind of rough cost I think today they are talking is \$18 billion. That does not really matter to me. We want them to start, start with any amount and build on it. When ministers met in October of '94 here in Winnipeg, we put that idea in front of the feds. I said, Manitoba will take the lead to generate cost-sharing money from the 10 provinces, and I said, if we can do that, will you respond yea or nay as to whether you will match that money, in any formula, towards an NHP principle? We were told to have our proposals in by the end of October, I believe, that year, and we did.

We generated across Canada. Nine out of 10 provinces proposed to put on the table \$2.6 billion over five years, which caught the feds off guard who did not expect us to be able to do that, and the one province that did not was Quebec. Because of the referendum and all that kind of stuff, they were not prepared to do that yet. At the federal end, the Honourable Doug Young had committed that they would make a decision by December 15, and, lo and behold, they did; on December 15 they said no.

So we did what we had to do as a province to try to come forward and opt up, and they chose to say no. Whether they start at one cent out of the 10 cents they currently collect per litre, or 2 cents, all we want them to do is start, just start, and we will see the benefits grow.

I really do believe that it is fundamentally no cost to the federal government to do this, because in the infrastructure program, where it is a third, a third, a third, for every million dollars they put up in that cost-sharing agreement, they get their money back from the total project in the course of one year. So it is a tremendous investment because of the economic activity they create in the building of infrastructure, and the same applies here.

I do not think Mr. Alcock would disagree with that. They have done their work; they have done their analysis, but he cannot sell it with his colleagues that it

is a very significant, good investment of their dollars. You get the asset improved; you get the economic activity associated with the building of that asset and then the using of that asset forever and a day. If there is a stumbling block there, I cannot tell the member exactly what it is because they have the capacity to earn the money back through the tax system, and they collect 10 cents a litre. Now, that is roughly \$5.5 billion a year, but they are just saying no.

I do not know of anybody that is on their side in this argument. As I said earlier, I mean, the CAA, the trucking industry, the construction industry, every Minister of Finance, Minister of Highways and Premier is onside that it is absolutely essential to do it, and the strength of those commitments have grown over the years. The CAA says start with 2 cents out of 10—great, that is a start, and it will grow from there, but so far we have not even got that commitment or any understanding that that commitment is under discussion for the future. When we have a federal election on, you would think that that would lever somebody to step up to the bar and say, we are ready to go if you vote for us, but it just has not happened.

Mr. Jennissen: Just so that I am clear, was the minister saying that, as the CAA recommended 2 cents per litre from every 10 cents of the gas-tax dollar from the federal government, the province was willing to match that at 2 cents a litre?

Mr. Findlay: We are currently putting up every cent per litre that we collect. We are putting up a hundred million, and they are putting up zero. Then lots of people could say, well, you put up another 10 million, and they will match it. Well, let us have them match the first hundred million first. I mean, why should we be levered to put more money through our revenue sources when they put none? I mean they have an ultimate responsibility.

No matter how you cut the argument, they have a moral responsibility; they have an economic responsibility; they have a nation-building responsibility to start putting something towards it and say, well, we will put it up only if we match it. Well, we put it on the table, the \$2.6 billion, as nine provinces. We put it on the table and said, here is our money for five years, approved by ministers of Finance

and Transportation in those nine provinces, and they chose not to match it.

I think the provinces have all done their reasonable share to try to keep this infrastructure at an acceptable level, and at the federal end, they collect the taxes out of the system, put nothing back. I am frustrated, fundamentally frustrated, that we collect—as I said in my opening comments the other day, I said that we collect from the system roughly the \$160 million, \$180 million, and that all goes back in capital or maintenance to our network. They take out of Manitoba roughly \$155 million in taxes, and with this budget we get zero back. We are doing our thing. They have to start meeting us at the table with some kind of catch-up, not that we could lever higher. They have to start getting involved.

Mr. Jennissen: So can I assume then from those comments that the minister is saying when the CAA suggests that we can rebuild the national highway system in 10 years if the federal government were to devote its 2 cents, but providing it was matched by the 2 cents from the province, that the minister would not agree, because essentially it means that we would have to jack up the provincial gas tax another 2 cents, right?

(Mr. Marcel Laurendeau, Chairperson, in the Chair)

Mr. Findlay: I would have to do the arithmetic on whether 2 cents would do it. That is basically 20 percent of the \$5 billion, so that is \$1 billion a year over 10 years, doubled to \$2 billion. Yes, okay, you would generate roughly \$20 billion over 10 years that way, and the Canada national highway program does identify about \$18 billion needed, current dollars, to meet the need. So, yes, fundamentally I think the arithmetic would work that 2 cents a litre, or 4 cents a litre really, as the member was saying, would move a long way.

At neither the federal level nor any provincial level that I am aware of do taxes get dedicated. It has been a tradition or a policy of provincial governments and the federal government that dedicated taxes are not something that is done. Again, that would be breaking new ground if there were a policy that you collect and dedicate. I know I have heard people say, well, if we just knew it was definitely going to roads, we would not

mind paying more as a dedicated tax, but that is a hurdle with ministers of Finance that has not been crossed yet, federally or provincially, that you get dedicated taxes.

The other thing is that I am firmly convinced Canadians do not want to see more taxes because they see it as higher cost, and as long as it is going into the general revenue, they are really opposed to it. I can tell the member the federal government has not even advanced that argument to the public about, well, would you accept more tax that was dedicated. They have not even advanced that, and that would be the first hurdle they would have to go over.

Mr. Jennissen: Well, the minister does make a reasonably good argument about the average citizen not being in the mood for higher taxes. I agree with you, but the argument is harder to make, though, if you do have a surplus, if you do have a Fiscal Stabilization Fund of, let us say, \$400 million or \$500 million.

Now, if we are caught in this bind, is it then ridiculous to make the assumption that perhaps we should be trying to tap that fund? We should be saying we are dealing now with infrastructure that is so important to the welfare of our nation, to the economic lifeline of our province—what would be wrong with dedicating 20 percent of the Fiscal Stabilization Fund to infrastructure upgrading? Is that an unreasonable demand?

* (1510)

Mr. Findlay: Well, with surpluses and every—well, not every—but most provinces except Quebec and Ontario are in this position or are very close to it, there are three things you can do with surpluses. One is you can reduce your total debt like start paying down that accumulated debt that exists; in our case, it is \$6.8 billion over the course of the history of Manitoba. Or you can reduce taxes; that is the second option. The third is new spending. That is really what the member is talking about. You take your surplus and you get involved in new spending. So you have the three options.

We have talked about this with the public, and you will see polls that are done. Just recently in the paper

there are polls about that kind of question. Very clearly, the majority of the public is demanding that we use the surplus for accumulated debt reduction so that the interest you pay in the future is less. So the surplus that you have with existing taxes grows and ultimately will reach a point in time where the public says, okay, now it is time to dedicate some of it towards new spending. But still, at this point, the highest public demand is that surplus money go towards reducing the accumulated debt, and that is where we are at this point.

To be quite honest with the member, I argue for ability to have more resources towards the capital of roads. Within the context of the provincial government, are you for it? I will also argue, as I have mentioned already, at the federal end to get some contribution from there. Ultimately, over the course of time, hopefully both happen, and you will see other provinces in the same situation, not necessarily ready to get involved with significant new expenditures, because the stability of our economy is not totally nailed down yet. I mean, yes, it is improving and our interest rates are low and there are some respectable signs, but there is a lot of nervousness in the economy about a wide number of events that could happen that would wipe out that annual surplus very quickly, and then new spending would hurt you.

So we are not in the position to get involved in the new spending idea other than, in my point of view, I keep the profile high so that when we cross that barrier where we start looking at new spending, the issue of infrastructure deficit is recognized in competition with all the other places that his colleagues would ask that it be spent or the citizens at large ask that it be spent. So I do the best I can to raise the profile as high as I can for whenever the door opens, and I get more opportunity to have dollars towards the capital of road infrastructure.

Mr. Jennissen: I am sympathetic to the minister's argument, but I do not think it is necessarily either/or. I guess you could do all of those things. You could still have part of a rainy day fund. You could still spend some on, you know, really needy programs, education and health and certainly road infrastructure as well as devote part of that fund to paying off the debt. No doubt about it, we have to pay off the debt at some

point. I just do not think it has to be one or the other. I am not entirely convinced that the electorate is in a 100 percent antitax mode, especially if it was made clear to them that spending a dollar now would save them \$10 tomorrow. I know it is not popular, however.

Mr. Findlay: Just a further comment, Mr. Chairman, the Fiscal Stabilization Fund may look like it has a lot of money to some people, but a lot of things could happen along the way. Clearly the flood we have had this year, yes, because there is a federal election now, we get all kinds of federal offers to, you know, cost sharing 90-10 and, oh, yes, they will pay the bills, and we got a \$25-million advance. But let me tell you, I am not aware that we got paid for '95 or '96 yet for the Disaster Assistance money that they owe us, paying for the previous years.

If there was not an election on in '97, we would be in a serious stage right now and really leaning on the Fiscal Stabilization Fund to deal with the reconstruction for roads, for citizens' homes and businesses. It absolutely has to be spent by government. The call will be on us. We could not avoid it. Federally they have come to the table real quick, but it is because there is an election on. After June 2 our ability to get their willing contribution and support in this will be so much less than it is today. So we have got some good will from them because of the election, and we have had a terrible fight over the years. So we have to have that fund there to deal with these kinds of emergencies.

Heaven help us should there be a big hailstorm this year. You know, Crop Insurance might have a big draw that would challenge that fund. On it goes. These disasters have the ability to strike. We have been around here, have been in government nine years. We have seen droughts and hailstorms and floods repeatedly and fires. If it is not one disaster, it is another. The only thing that has not hit yet is the locusts. But along the way we have been able to reach a balanced budget, we have been able to reduce the debt and, ultimately, there will be considerations of newer spending down the road. We will do the best to be at the front door when that door opens.

Mr. Jennissen: In terms of getting real value for the dollar, is there anything in the offing in terms of new technology that could reduce costs, because the

minister had alluded to it earlier that there are new materials coming on the market, perhaps new surfacing materials, stronger, harder materials? Is there, in the future, a chance that this would save us a lot of dollars? I am thinking 25 years ago or 20 years ago when I bought my first VCR, you know, it was \$1,000, and now you can buy the same machine for a quarter of the price perhaps. Is that a possibility? I am grasping at straws here, but you are talking funding. Is anything happening on that front?

Mr. Findlay: Mr. Chairman, we are not dealing with the same thing as in the electronic industry. In the electronic industry, yes, costs have really come down. We do not have that luxury. When we build roads or pave roads or build bridges, you are paying for equipment that is used, for labour, for oil, for aggregate, and the costs of all of those have been creeping up. There is no shortcut on those kinds of costs. Yes, we use any available new technology at our disposal, whether it is in polymers or different kinds of asphalts or whether it is different textiles, geotextiles, but ultimately they cost more. They may prolong the life of the infrastructure asset that we are building, but fundamental kinds of savings the member identifies in the electronic industry are not achievable here.

When we build a road now, it either has to be higher or wider or more safety conscious in terms of turning radiuses and access and exit from those roads. Sometimes it has to be used as a dike, so it actually has to be higher. Two-lane roads were built with two slabs of 10-foot pavement. Well, now, if you want a bit of a shoulder on it, the shoulder is roughly a little over two feet. There is a narrow shoulder, or the full shoulder is a doubling of the 10 feet. So you have got increased demands because of the quality they want, the driving safety they want; it raises the costs.

The cost to do a mile does not decrease no matter what kind of new technology you grab. It just costs a bit more. There has been an immense pressure for certain roads to be four lane. We cannot sometimes afford to do it; simply the traffic volumes are not high enough. So you do pave a shoulder to improve the driving safety. But all of these elements do not help our cause here really.

* (1520)

Something I mentioned earlier—I think I used Highway 16 as an example. It was built to handle certain kinds of weights over a period of time and had a lifetime to it, and now because of what has happened, that lifetime is drastically shortening and the department looking at spending more money on a relatively new asset in order to get the lifetime out of it that we originally thought we had because of the kind of use it is being put to because of the economic activity created by big trucks. Sometimes you say the wall you are trying to climb keeps getting higher. No matter how many steps you take up the wall, the height that you are going to is always way beyond your reach. That is kind of what we face. We use all the best technology available. We do everything we can to keep costs down, to be efficient, but still the challenge we have grows and gets further away from our sights. I do not mean that to be negative, but that is just the way it is.

Mr. Jennissen: So is the minister saying that prototype structures that are at the cutting edge such as the Headingley bridge do not actually save us any money, that if you can expand the life of that structure say to 75 years instead of the normal 25, 50, the costs of the new materials are so expensive, really there is no net savings? Is that what you are saying?

Mr. Findlay: Fundamentally, what the member says is right. We do not save costs—now, in fact maybe incur greater costs to build that, but the lifetime will be extended. So your cost over 100 years per unit of use or year of use is actually going to come down, but those savings are in the future and they are not here today.

As I mentioned earlier, one of the big advantages of this, and why I promote it so hard, is the ability to sell the technology to the world or manufacture the material here to sell beyond our borders. That is the economic activity you create. Of course, you get the taxes off it and your economy grows. That is the real bonus right now.

Mr. Jennissen: There are other technological innovations, are there not, though, such as electrochemical chloride extraction to increase the lifespan of concrete and concrete structures such as bridges? This is also something that the province is experimenting with, and I know other provinces like Saskatchewan are as well. Is that not true?

Mr. Findlay: Mr. Chairman, what the member mentions is a maintenance technique, and, yes, such techniques are used where and when it is deemed feasible, but, rest assured, the department is very conscious of trying to be cost-effective, efficient, use the best technology that is affordable and achieves some net benefit in the course of using it, short term or long term. It is always a judgment call. Yes, it works, there is a cost, and, to whatever extent the department believes from an engineering point of view it will do a good job, those kind of techniques will be used.

Mr. Jennissen: In terms of new pavement, are there any developments on that front? I know when I lived in Saskatchewan many years ago they were experimenting with shredding rubber tires, I believe, and putting them in the pavement. That, I think, was to lengthen the pavement life. Occasionally I hear stories about super pavement, but has such a product actually been developed?

Mr. Findlay: Yes, the department does use any means of improving the length of life of pavement. The member mentions super pavement. It has been developed in the U.S. under the Strategic Highway Program, and the department two years ago used it in a test section on Highway 240 at Portage south of No. 1 on the new stretch that was built to the new bridge going to Southport. So there is a test section there that is being utilized to determine what information can be gathered to determine its effectiveness relative to its cost in our climate under our conditions, but it was developed in the U.S., yes. The department is looking at another test section on Highway 44, on the new lanes that we will be paving that are currently programmed.

Mr. Jennissen: So we do not have test results then on how that pavement stands up?

Mr. Findlay: Mr. Chairman, we have one year of use, test results, and it is performing better than our existing pavements, but they need a little longer period of time to determine whether the higher cost and the better performance balances so that your net effect is ahead or behind.

So it has been an ongoing research project, and I would definitely assume that other provinces are doing the same thing. Our staff travel to lots of meetings to

gather information, exchange information, so we learn from what we do as well as learn from what other jurisdictions in Canada and the U.S. do. There is a tremendous interchange of information on highway construction and new techniques right throughout North America.

Mr. Jennissen: The new automated weigh scales, the sort of help yourself type weigh scale that do not require personnel, are they sort of technologically advanced, or is this for a standard procedure?

Mr. Findlay: Mr Chairman, the member is talking about the automatic weigh scales. We have, we believe, four operational right now where the person pulls up and stops with his axle on the scale and then there is an electronic readout that he reads.

The idea here is to allow people to know what they are carrying. The long-haul commercial trucker when they load the truck or even the gravel hauler, he knows what a bucket weighs and it would be pretty close, but you get the farm community, the implement dealers, the kinds of people who put various types of loads on, those are not consistent loads. They are not sure what they have. It is the ability for them to weigh and understand what they are carrying. At least we think that if they are conscious of what they are doing, that it will improve their ability to not overload their vehicles, so we try to educate them to know what the right weights are.

* (1530)

This first came to my attention from users probably about three or four years ago, maybe even before I was Minister of Highways, where the cattle industry came in to say, you know, these automatic weigh scales that we see in the U.S. would be fantastic here. We really do not know what we are carrying. We would like to live within the law, but we just do not know what we are carrying and these would help us. Wherever we come to one, we could stop, weigh, so that when we arrive at a legal weigh scale we know where we are at, and we can load accordingly so that we do not get caught and do not get ticketed. So it is a customer-service point of view, but it is certainly designed to protect our roads, so that vehicles are not over the legal load limit on the axles.

If you talk to any of our staff who are engineers, you talk about the exponential wear and tear on the roads and you start overloading your axles compared to what the road is designed to carry. There is a tremendous science in this as I have learned and continue to learn.

Mr. Jennissen: Yes, it does sound like a good proactive idea, and I am happy to see it being implemented, but talking about heavy loads, just looking at an article from the Winnipeg Free Press, Monday, November 25, 1996. This dealt with a paper by Barry Prentice of the University of Manitoba, Transport Institute, and Jake Kosior about how trucks on Manitoba highways over just a very short time have become bigger and heavier, I think he said. The most common tandem truck in 1994 weighed around 20,000 kg., I believe, but now we are at around, I believe, a 50,000 kg. weight. So, obviously, this trend cannot go on forever. I mean, are there some finite limits here or are there not? We are still dealing with the same amount of money, but the trucks seem to be getting bigger. So where do we end this trend, or how do we cope with this? Because it must be very difficult for the road system if you continue this.

Mr. Findlay: Just to give a quick little bit of snapshot history here in terms of weights. In the mid-'60s, around '65, the legal limit that vehicles could carry, any truck could carry, would be around 40,000, 45,000 lbs. Today the maximum legal limit on E-axles, which is the maximum number of axles, is 138,000 lbs. So in 30 years it has gone from roughly 44,000 to 138,000, and the number of trucks out there has exploded over that time frame.

Now you consider when a lot of these highways were built. They were built in the '60s, the '70s and built to carry loads like—at that time it was 50,000 or 60,000 or 70,000, up to 80,000. I mean, it was not that long ago that 80,000 was the maximum load limit, built to carry those weights, and today those B-trains are running at 138,000 lbs. fully loaded, eight axles.

I clearly believe that the weight distribution amongst the axles is technically correct to minimize the damage on the road. The kind of geometry in how they are built and the suspension and how the truck operates prevent the up-and-down action on the road. There is a constant discussion going on about the geometry of

axles, the number of axles, how close they can be, use of pupped axles.

When I was driving last summer, I was in Minnesota, and they allow these big trucks that might have a tandem axle to allow what I call a pup axle either in front of that tandem or behind it, and I saw trucks, one in front, one behind. This was the size of your normal tire. These tires were this small, and they put them down to carry a little more weight. They were so flimsily mounted, in my mind, they were just doing this on the road. The main axles were running smoothly, but these little axles were doing this. Well, I cannot imagine anything worse for wear and tear on the road than some axles doing this, up and down. I was driving beside watching it; I could not believe it. That sort of reflected back to what my deputy used to tell me about how these things do not work. I mean, I saw proof in the pudding right there.

There are pressures. I think we are in the maximum of 9,000 lbs. per axle and being pressured to go up to 10. Anyway, we are being pressured to go up a thousand pounds per axle from the east, from Ontario, who want to run higher weights on trucks. So there is constant pressure to go up. We have maximums on lengths of trucks, maximum axles, maximum weights.

I mean, I would concur with the member. I cannot hardly see how it can go higher, although you can build power units in those trucks to pull anything, it seems, but the commercial pressure is to be raising the weights, and the pressure continually comes from the east to do that.

So, you know, where there are timber hauls or ore hauls, we are prepared to discuss with companies the ability for them to haul heavier loads but pay a continuous penalty for that to offset the additional costs of wear and tear on the road that those kinds of loadings cause. They make a decision, and the same is done in Saskatchewan, as to whether they want to pay for the overloads or run regular loads and not pay the extra charge.

So this issue of how they load, how much they load, how much per axle, all that, those challenges, those issues, those discussions will never come to an end. They will constantly be there as people fight to be

competitive with whomever they are competing with in their industry. Whether it is ore, timber, east-west long haul or north-south long haul, it is always going to be a challenge.

As I referred to earlier, a tremendous amount of discussion between the various jurisdictions in terms of information, they collect research, in trying to analyze whether you can move higher or you should not move higher for protection of the road and to be sure you do not sacrifice safety of the other road users by what you allow to be pulled.

Mr. Jennissen: I was reading an article today which actually someone left on my desk. I am sorry I do not have the actual publication's name, but it is entitled In for the Long Haul for Highway Planning, Leading Traffic Research in North America Underway at the U of M. It mentions an Alan Clayton, who is head of the U of M transportation information group in the Faculty of Engineering. They have also been employed, I guess, at one point with Manitoba Highways as well as Transport Canada, City of Winnipeg, and so on and so on.

One study, though, comes up with a conclusion that I find rather interesting, perhaps even contradictory. I mean it does not make any sense to me, but I would like the minister's comment on it, and I will quote it verbatim. One study on whether truck traffic is adversely affecting Winnipeg streets reached a conclusion which may seem counterintuitive to some people. Here is the quote from the study: We did not see any signal that the truck loading is causing significant damage compared with the natural effects of our difficult climate, Clayton says. On roads elsewhere in North America where the traffic is greater, the trucks would certainly be the greater factor, but with the relatively less volume of trucking in Manitoba, the weather harms the roads more.

So there are a lot of things in there that I am just questioning, like lower volume of traffic in Manitoba not a major factor in hurting the roads in Winnipeg just does not seem right.

Mr. Findlay: The member mentions an Alan Clayton, and along the way he mentioned doing work for the Department of Highways. Yes, he has a three-year

contract, which is being extended, to do traffic data for the Department of Highways.

I had mentioned earlier that there are two factors that cause wear and tear on roads. One is the use, and the other is the weather. Both of them contribute. But if you get a low-use road, let us, say, pick the North as an example where it may be frozen really well for a long period of time, on these low volumes, overloading the trucks may do little or no damage to those roads because the volumes are low and the road is frozen. That is probably very understandable. Even down south or in the summertime, probably the same principle does apply. If you have low volumes of trucks, you may not see any impact of higher weights.

I mentioned earlier the fact that we had 21.6 percent trucks on Highway 16 which is way higher than the normal, which might be 10, 12, 15 percent. The department is reporting increased stress showing on that road, and it is related to the higher than expected volume of trucks, so therefore there is more weight rolling over that road per day per week per month. I guess I might say it is not a precise science completely, that weights and road impact are totally correlated, but where the volumes are high, the evidence says, yes, they are correlated. Where the volumes are low and the weather conditions are such that the road is frozen, as an example, the two may not be correlated, and that is consistent with what you just read.

* (1540)

Generally speaking, if you compare two roads that are equally treated weather-wise, more weight, more volume on one versus the other, you are going to see more wear and tear, more potential breakage, more movement, pressure action on it. You add in the weather factor of freezing and thawing, it puts a tremendous stress and strain on that road.

Mr. Jennissen: I guess the phrase that concerned me was the one that said relatively less volume of trucking in Manitoba. I guess it depends on what that is being compared to. That could be being compared to some place in the United States, or I am not sure what. That term kind of worries me. I am sure it cannot be correct.

Mr. Findlay: I did not catch what you said, the term.

Mr. Jennissen: Well, one of the terms that is being used, and I am not even sure this Mr. Clayton is actually saying this. It is a study, but in this particular study they are saying, on roads elsewhere in North America where the traffic is greater the trucks would certainly be the greater factor, but with the relatively less volume of trucking in Manitoba, the weather harms the roads more.

I presume they are talking as compared to other areas rather than as one year to the other.

Mr. Findlay: Dr. Clayton is doing similar work in the U.S., and we would have to assume that he is comparing really high volume roads. Example, in maybe Chicago or Detroit or Los Angeles, where you have incredible roads, maybe eight lanes wide going each direction, and constant truck and traffic versus roads even around Winnipeg what he would probably call very light use. We would call it pretty heavy, but compared to those kinds of examples, you are really not comparing apples and apples here, and the kind of weather impact there is much less than here.

I would be cautious in extrapolating from a U.S. situation to ours, Although we see ours as high volume here, an American from those kinds of places would say, hey, you have nothing. I was surprised, and I am sure the department was surprised by what I said about Highway 16 in terms of 21.6 percent truck traffic. It is just really high, and there is a price to be paid for that in terms of what we see happening to that road, because it was not built to handle that.

Again, I am not an engineer, but the more I listen to these guys, the more I understand there is a tremendous science in how you build a road, and it is not just a bunch of clay thrown on the ground and a bit of gravel and a bit of pavement on top. There is a lot of engineering that goes into the construction of that road, so it will carry the kinds of weights that it is going to be challenged with and deal with the kind of weather it is going to be challenged with.

I always have to comment that the next weak point in that road is likely the next bridge. It can, over the course of time, be the weak link in a road, and it determines what the road is built for. You build the bridge and the road to handle the same kinds of

weights, and then along the way, because the decision is made by governments under pressure of industry to move from 44,000 maximum weight to 60, to 80, to 105, to 138, it is rather remarkable that our infrastructure has held up as well as it has with the kind of weather conditions when you look at it that way, but if you are somebody driving down a road and it is a little bumpy or whatever, you forget all that and you just complain and ask for a few million to be spent to make it ride better.

Mr. Jennissen: In 1970 John Heads produced or led a study called the Manitoba Transportation Action Plan, or wrote it up, I guess, and this Manitoba Transportation Action Plan to the Year 2000—and, of course, the data he used must have been late '80s, but he did make a series of recommendations. I am wondering if the minister could comment on some of those recommendations in light of the fact that we are now seven, eight, nine years down the road, and some of these might in fact appear very curious because they look old fashioned, but just to see how imprecise the science of predicting sometimes can be, or sometimes how accurate, but one of the recommendations on highway transport that Mr. John Heads makes is, extend the RTAC limits on weights and dimensions to other highways in the province as roads and structures are upgraded. So would you comment on that?

Mr. Findlay: Again, we have a network—I do not have the map in front of me—of what is called RTAC routes. If you look at that map of five years ago versus today, it is quite different. We constantly add roads to that network when we know that they have the design capacity or they have done the investigation to determine that they could carry those weights, whether the bridges can carry those weights which is always a significant determining factor. Or in the wintertime, we will extend the RTAC network when the road is frozen so that the first timber haul or gravel haul or ore haul, we make it more cost-effective for industry to use those roads—constantly changing that network, basically adding to that network based on the ability of the infrastructure to carry the loads.

So I do have a copy—staff have just given me a copy of the map, and it shows, you know, the RTAC network. It is roads like 1, 2, 10, 6—a number have been identified—39, 60, a portion of Highway 44. It

does not include highways like 59 going south of Winnipeg, for instance, and that is why 75 or 12 are the routes to go to the U.S. from Winnipeg, either straight south or southeast and why in the flood period here, we could not send trucks down Highway 59 because it was not RTAC loading capacity. It is a limited network that the truck industry can use. The recommendations are to extend it to more and, yes, we do, as we are able to.

We get lots of requests and some come to me and some come to staff, but when I get them, I ask staff to review them—can they do it, what time frame they can do it, and they respond as best they can to be able to meet the needs of industry relative to sacrificing the road.

Would the member like this map or does he have one? [interjection] Okay.

Mr. Jennissen: Could the minister or would the minister hazard a guess, then, since 1990, what percentage has extended RTAC? How many more RTAC kilometres do we have than we had then? Would it be, let us say, 25 percent more?

Mr. Findlay: The direct answer to the member—it is very difficult to say percentage wise how much it has expanded—but I know we have made additions, and we have particularly made additions in the North and particularly in wintertime to accommodate the industry. I am not currently, at this moment, aware of any outstanding requests that we have not been able to respond to after discussion with the industry. Naturally they always want more, but they are reasonably realistic in knowing that there is a price that society pays when we let them run those kinds of weights on roads that were never built, nor have the bridges, to handle those kinds of weights.

As we build roads today, let us say, example, Highway 3, which currently is not an RTAC route—we got a letter from an R.M. here, not too long ago, saying you are building the road; is it going to be RTAC standard? Well, yes, when we pave a road today, a major artery like that, we build it stage by stage to an RTAC standard. The only limiting factor is the surface that we are going to build, and this year, I believe it is tendered for this year, will be an RTAC surface, but there are two structures on that distance that have to be

upgraded which will be a future thing. So the road will not be labelled RTAC capacity until the bridges are upgraded.

* (1550)

It is an ongoing challenge; it is an ongoing issue. Really, to make it RTAC, you are really talking deeper pavement, and when you build a road, whether it is grading or gravelling or putting pavement on, the big cost is the pavement, and on an RTAC road that cost is probably about 60 percent of the total. If you want to rebuild a road starting from scratch, approximately 60 percent of the cost will be that thick pavement, six or more inches of pavement, in order for it to carry those kinds of weights.

I just want to relate, it is nice to have an RTAC road, but it is exceptionally expensive to build, and the pressure is constantly there to do it. Whether it is from users of the road or towns that want to attract an industry or more industry to their town that is associated with truck hauls, they want the road to serve the highest possible weight user in terms of the trucking industry. So I think we have got a pretty large network that is identified as RTAC.

The ability to maintain that existing road structure by constant upgrading and improving the pavement or improving the bridges as needed is enough challenge without adding too much to the system, but as we build roads, it is pretty hard to tell somebody we are going to build it to a lower than the very best standard. It really comes to the fore when you are talking to somebody about building a lower-use road, which you cannot possibly afford to put this kind of pavement on, and they say, well, you are going to pave it, are you not? I say, well, just a minute now, if we put the thin pavement on, which is what we can afford or what you warrant relative to the fact you have only got 200 or 250 vehicles a day, remember that it is going to be restricted in the spring. They like it from the first thought because there is no dust, but I say, now you cannot haul your grain or your commercial activity is going to be disrupted in the spring, no matter what it is, involving truck traffic. Then they pause, and I say, you are better off to stay as gravel surface and as unrestricted as opposed to putting thin pavement on to control the dust and then have restrictions on it,

sometimes just in the spring, sometimes year round. So there is a tremendous tradeoff.

As we talk to municipalities, particularly towns or villages, I think we are getting the message through that throwing a bit of pavement on to control dust is not the be-all and the end-all that might have been thought five or 10 years ago, because there is a negative effect in terms of truck use of those roads. This spring, because of things that have had to be done, some of our thin-surface pavement, some of them stood up in terms of all the aggregate that had to be hauled to fight the flood, but some did not, and there are going to be people complaining about the broken-up surface, but in an emergency, what could you do? Nobody wanted to stand out there and say we are going to control weight restrictions when the kind of emergency was on that was on.

Mr. Chairperson: I was just wondering, does the committee feel like taking a break for five minutes? The committee will recess for five minutes.

The committee recessed at 3:53 p.m.

After Recess

The committee resumed at 4:09 p.m.

Mr. Chairperson: The committee will come to order.

Mr. Findlay: Glad you could get back, Mr. Chairman.

I just want to go back to a question that was asked earlier, and that was the strength of the composite fibres used in the Headingley bridge versus concrete or steel. The figure of 600 times that you used is right when you can say a weight for weight, equal weight of concrete versus fibre which is much lighter. On a pound-per-pound basis of the material—and it is 600 times as strong, but because this material is lighter, you use a lot less total weight of it than you would of existing concrete. So that is where the 600 figure [interjection] Okay, steel versus the carbon fibre. So that is where the 600 figure comes in on a weight basis.

* (1610)

Mr. Jennissen: It is sort of like comparing a Flin Flon fishing rod, which is made out of cast iron, compared to graphite, I guess, is it.

Anyway, if I could go back to the minister again on the Manitoba Transportation Action Plan to the Year 2000 by John Heads. The second recommendation, bearing in mind of course that this was 1970, was for the province to take a proactive role to ensure that Manitoba's participation in the motor carrier industry was not adversely affected by the consolidation of carriers expected to result from deregulation. I do not know if this is any connection to Reimer no longer staying in our province, or at least being owned in the province, or not, but would you make a comment on that, please?

Mr. Findlay: The member is talking about 1970, and that is back in an era—

An Honourable Member: 1990.

Mr. Findlay: —I am sorry, 1990. But there was a lot of regulation in the industry through the '70s and the '80s, and some of the regulation was really protectionism to keep competition out. The trucking industry in Manitoba or Canada has dealt with deregulation very positively in terms of being able to be competitive, being able to supply customers with quality service at a reasonable price, competitively reasonable price. The industry is now focused, not on the kind of regulation of 10 years ago but on what we will call meeting fitness criteria. That is financial capability, meeting all the safety requirements and being able to pass safety inspections wherever, whenever they encounter.

We have a national safety code in Canada that all truckers ascribe to. The trucking industry may have fought it a little bit in the beginning, but my understanding is, in talking with them, they are very proactively supporting the concept of improving safety of the trucks. That is now the regulator, who is on the road and who is not. It is whether you have the kind of quality unit out there that does not fail in safety inspections, and clearly they take a responsible role, in my mind, to be sure that they look responsible to the public in the very broadest sense. So the issue is safety, and the kind of appropriate maintenance and inspections of those vehicles to maximize the ability that there are safe vehicles out there.

But I will concede that there is the odd individual out there who does not believe in that, small units. He thinks he can away with—you saw some of the units the police picked off the streets here. That is the abnormal individual; it is not your commercial guy who is in the business for the long haul.

Mr. Jennissen: But the minister would concede that a number of the larger trucking firms are no longer headquartered in Winnipeg, though, since 1990.

Mr. Findlay: Mr. Chairman, yes, the member is right. There are fewer trucking firms today than there used to be, but I will pretty much guarantee him there are more trucks operated by the existing carriers. Some carriers adjusted, as I said, very positively. This is life. Some do not adjust or decide not to be in the industry for the long term. There are amalgamations, there are various things that go on. But we have six large, very successful trucking companies, and it is a changing world constantly. Certainly you will have noticed that Reimer, as an example, has just signed an agreement with a large trucking company in the U.S., Roadway.

I see it as their view is that they are hauling an awful lot into the U.S., and they have really got to have an efficient capability to source back haul, and it might well be one of the reasons they have signed this agreement. The headquarters will stay here, the name will stay here, the management stays. They have signed an agreement that they must feel strengthens the capability of their trucks and their employees or their drivers to remain in business in the changing trucking industry. Whether it is Reimer or Arnold Bros. or Big Freight, these trucks are running all over North America, and I have heard the odd one say that they run 85 percent of their miles in the U.S. They live here, the truck is here, they are registered here. That is export business at its best. The dollars are earned down there, but the revenue is brought back home.

The trucking industry will not stop changing. It simply will not. The demands are there. The intermodalism of the trucking industry used to be—and they are talking intermodalism with rail, that is still going on—but there is going to be more intermodalism with air and truck in the future. That is basically the Winnport concept.

But there was the big failure in Montreal of Maislin trucking, big, big failure, and probably there will be more. At the same time, if you are looking for good news, there is an awful lot of good news in terms of how the trucking industry has adjusted, the technology they use.

I remember talking to Kleysen's, and they have a classroom out there and every trucker goes through that classroom every year for a certain amount of additional training. A lot has to do with the high technology of the engine and the communications system that they have got which is satellite communications. They have constant contact with the truck. The idea is, if there is delay by weather or any reason, they are constantly in contact with the customer that they are delivering to so that he knows in advance they are early, they are late, because the customer wants it at a specific time to meet his needs. So the integration of the system to satisfy the customer is using all the highest technology in the trucking industry.

The level of education they constantly go through makes them better drivers for the betterment of the safety of all the road users. I think I noticed that the Truck Driver of the Year Award, the fellow has been driving for 42 years and never had an accident. You can imagine the millions and millions and millions of miles that individual has driven. I think he works for Reimer Express if I am not mistaken. So you know there are a lot of good stories out there. Maybe it is Penner.

Mr. Jennissen: So I take it then it does not worry the minister the fact that the real decisions for Reimer will be made in Akron, Ohio, and for OmniTRAX, even though they are based in Denver, that is where the decision will be made, even though they have the headquarters supposedly in The Pas. Still, the main decisions are going to be made outside this country.

Mr. Findlay: I guess I take my strength from the fact that over the years our trucking industry has adjusted, has responded to changing needs of customers in North America. As I go back to what I said, when some of them were running 85 percent of their miles in the U.S. as Canadian truck, this hauling to an American customer and the back hauls from an American customer, we are competing very well with the U.S.

trucking industry. I think what Reimer has done further strengthens their ability to be a viable entity here in terms of creating employment in the trucking industry that is oriented out of Manitoba. But change is inevitable; there is no question about it.

Mr. Jennissen: Again, going back to the Manitoba Transportation Action Plan to the Year 2000 by John Heads, another one of his recommendations was—and in hindsight see how the minister sizes this one up—to ensure adequate expenditures on highway maintenance and construction in Manitoba, continuing to give high priority to providing four lanes on Highway No. 75 between Winnipeg and the United States boundary.

* (1620)

Mr. Findlay: Mr. Chairman, clearly we responded as a province in terms of the four-laning of Highway 75 to the U.S. I actually remarked on this the other day when we were out viewing the flood. It was just this past winter they completed the bridge over the La Salle in St. Norbert, which really meant that we had a four-lane all the way from the Perimeter in Winnipeg to the U.S. border, which cost \$110 million over about seven or eight years to have completed. It is open; it is running. Now, we have umpteen miles under water and will be under water for quite some time, so we are back to the two-lane detour road.

So we have responded, we have done the right thing. I do not believe at this time Alberta has a four-lane road all the way to the U.S. from Calgary. Actually, they are working on it, but no, we can hold our head up high. I mean, you look across the Prairies, both Saskatchewan and Alberta are behind us in that context. Neither Calgary nor Edmonton have a by-pass for No. 1 or No. 16 highways around the city. Winnipeg does. I think we are the only city in Canada that has a full-highway-speed circumferential road around the city, in other words, our by-pass after we open the northeast Perimeter. We have responded to serve the travelling public, but particularly the trucking industry which has to use our roads to create jobs and do it in a fashion that has the least impact on the rest of the road users in terms of safety and all that sort of thing. I think the mention there is four lanes wherever possible. That is a difficult question.

I know that in reconstructing roads like Highway 16, 10 years ago I am sure there was expectation we would be four-laning, but as we reconstruct, instead of four-laning with the volume of traffic and try to improve safety, instead of four-laning we are building two driving lanes and paving two shoulders, so at high speeds a person has somewhere they can go at high speed quite safely on the shoulder. I think it has worked well, but it is all we can afford at this time with all the other demands that we have in front of us.

I think we have talked quite a bit earlier about adequate expenditures for capital budgets up for construction. I think my points of view are fairly straightforward there, Mr. Chairman.

Mr. Jennissen: I certainly can relate to the minister's feelings about the circle roads around cities, because it always aggravates me when I go to Edmonton, I have to drive right through the city in order to get to the mountains, although I have noticed Regina and Saskatoon either have completed or certainly are in the process of building a circle road as well.

The next recommendation made by Mr. Heads was to continue the Manitoba initiative of a joint provincial endeavour to obtain federal funding for the national highway system. I guess that is what we have been talking about a fair bit.

(Mr. Neil Gaudry, Acting Chairperson, in the Chair)

Mr. Findlay: The NHP discussion process started in about '87-88, and it has been ongoing. There was an agreement en route and all that sort of thing by 1992, and we have been battling to get dollars from the federal government ever since. It is really on hold at the moment in terms of any new developments. Every time we meet as ministers of Transportation, the issue is always discussed.

We made our big pitch in '94, and on December 15 the answer was no. I guess we always had hope that in the Reg Alcock transportation committee study that they did, that they would develop a basis on which to lever money for the future for the NHP, but as I said earlier, it has not happened yet. It may have advanced the yardstick slightly, but until we see the first dollar the yardsticks have not moved to where they need to

move for the good of the nation, and we talked about the reasons why they have not been able to move, and they are legitimate reasons.

Mr. Jennissen: Would the minister comment on this recommendation, continue to press the federal government for compensation in respect of increased highway costs caused by branch line abandonment.

Mr. Findlay: Well, clearly, we have, as the three prairie provinces, on an ongoing basis, but more particularly when the WGTA was eliminated which was definitely going to stimulate an even further degree of movement of goods from rail to road, plus changing from the National Transportation Act to the new Canadian Transportation Act which allowed much more rapid process of rail abandonment. Those two factors together have accelerated the rate at which roads are going to be used by trucks to haul grain that is destined for wherever it is going, even if eventually it ends up on rail.

We have argued, basically unsuccessfully, that there is a big impact, and the federal position is basically, well, roads are provincial responsibility, good luck. When the WGTA transition fund of some \$140 million was identified, we had actually argued for a bigger figure, but they said \$140 million for western Canada on the basis of degree of abandonment or something like that, so we ended up with \$26.9 million in Manitoba.

As I said earlier, Rural Development, Agriculture and Highways jointly stressed as strongly as we could to the federal minister, every federal minister, whether it was Agriculture or Transportation or Jon Gerrard of Western Economic Diversification, that that money has no other legitimate use than for rural roads.

We have had the municipalities, UMM, onside with us. All the farm organizations are onside saying, yes, there is not enough money, but every dollar should go to roads in some process similar to what we used in infrastructure. Municipalities of the province could apply. The joint committee would make decisions on successful applications.

We met with Jon Gerrard in my office before he had the round of meetings on what-do-you-want-to-spend-

it-on questions. We told him we had a solution that everybody would buy into, and he walked out of the meeting and went on and had his meetings and basically said, well, if you do not spend it on roads, what would you spend it on? Then there were water projects and gas projects, and that sort of thing came up. Saskatchewan and Alberta are getting the money toward roads, and Manitoba is not.

I mean, yes, the answer is there should have been money toward this, but no matter what angle we argued, they have ultimately said no to us in terms of contributing to the roads, even though the decisions they made, both the CTA change and the WGTA elimination, is significantly moving product onto our roads in greater and greater quantities. They basically accept no responsibility for what they have done.

Mr. Jennissen: The last recommendation that I would put forward for the minister from the Manitoba Transportation Action Plan to the Year 2000 was to develop a rationalization plan for the interprovincial trucking industry. How has that changed, in the minister's opinion, since 1990?

(Mr. Chairperson in the Chair)

Mr. Findlay: The issue of interprovincial trucking regulation has been an issue of significant discussion preceding my becoming minister and in the early year or so of my being a minister. There was an agreement signed called the Canadian agreement on Interprovincial Trade Barrier Reduction, and one of the requirements was that intraprovincial trucking be deregulated by January 1, '98. Now this agreement would have been signed in '92, '93, somewhere back in that point, '94 maybe, somewhere in that point in time.

So to meet that test, the staff and the department have had considerable negotiation with the trucking industry back in '94 particularly and into early '95, and made proposals, batted back and forth and ultimately the trucking industry came to us with a recommendation for a two-stage process of deregulation. The first stage was for geographic restrictions to be removed on January 1, 1996, and they were. The second stage was for full deregulation on January 1, 1998, and that is what we have—we passed the amendments to the act last session or the session before to accommodate that. It is a

national agenda, a national commitment on January 1, 1998, and if we do not as provinces find a way to deregulate, it will be done nationally. It would be ordered or unilaterally done nationally.

So we spent a lot of time and effort in the process of discussion. They ultimately came up with the resolution that we adopted, and it is working, without any challenges that I have heard in the last year or so.

* (1630)

Mr. Jennissen: I thank the minister. If I could go back to an article I mentioned earlier, a November 5 article from the Free Press, truck traffic too big for highway britches. It mentions a study or a report done by Barry Prentice and Kosior from the University of Manitoba, I believe, dealing with factors such as increased road traffic or truck traffic on our roads, especially in rural Manitoba, on the one hand rejoicing that we do have economy activity and on the other hand that these huge machines are also pounding our roads to pieces. They added or identified certain factors that were causing this increased stress on the roads, such as new and expanding value-added processing plants in Manitoba, which is good for jobs but not maybe so good for roads, abolition of the Crow rate, which would put more stress on our roads, bigger trucks, heavier trucks and so on. The minister mentioned that earlier.

They also, though, in that report, offer some options for how to solve the problem. I guess this is how to make an extra buck, how to pay for it. I do not know how favourably anyone would react to these suggestions, but there are a number of them. Some of them were obviously already tried, but I would like the minister's opinion on those suggestions. There are four of them.

Maybe I will just read the introduction: The authors of the new Transport Institute report on the emerging pattern of agricultural trucking in Manitoba say there are several options for solving the province's highway woes, including—and we have already discussed the first one, but maybe the minister can add to it—allocating more funding for road construction repair and maintenance in the new federal-provincial infrastructure agreement now being negotiated. This was a while back.

Mr. Findlay: I did not get all four there.

An Honourable Member: That was just the first one.

Mr. Findlay: Oh, that was the first one. Okay. Well, I think we have had significant discussion around the idea of trying to get federal dollars. Clearly in terms of the infrastructure we argued the principle that has already been accepted of some portion of the infrastructure dollars to roads in rural and in the city.

The 42 million that we are dealt with now, I personally consider we have developed a template for future. I cannot imagine that whoever is elected as a federal government—I will still say who for the member for Inkster (Mr. Lamoureux)—does not see the merit of further infrastructure investments. Now that we have established the ability to spend it on streets and roads in Manitoba, the next tranche, whatever it might be and whenever it is, hopefully bigger dollars, we have established a process that will work for municipalities and the city to receive that money to use on their roads and the province too.

I hope we have developed—we are setting a pilot project, really, in '97 that will be used in the future for infrastructure investment in roads and streets because there is nobody that argues against the fact, in terms of using that, that it should be done. Maybe it is good we started with a small amount of money and proved it will work, because the applications are out there. There is no question, the applications are out there.

Municipalities see where they can get a dollar's work for 33 cents is a pretty good investment and naturally as a province we see it the same way too. But there may be modifications of how that can be done in the future, but infrastructure investment is critical. If we do not get NHP, at least let us try to get, through the infrastructure concept, the same net effect.

I do not care where the money comes from or what roads it goes to. Wherever new money is spent, it frees up existing provincial dollars to go to whatever else needs to be done. So we are always adjustable. We just get some more dollars in the front door in some fashion, and I think the infrastructure process is good to do that. I take some credit for the fact we did argue to get some dollars there and for the City of Winnipeg

also, and I just hope that it is as successful as it looks like it should be.

Mr. Jennissen: The second suggestion that was made was doing away with the gas tax break farmers received for burning less expensive purple gas in their farm trucks. I know that will not be a popular one, but it was a suggestion that was made. I know it was at one time quite popular in Saskatchewan, I think.

Mr. Findlay: Well, the amount of tax that would be collected by making farmers pay is pretty small compared to the total consumption of fuel, but I will tell you, farmers, they have had the WGTA taken away, they have had railroads taken away so the higher cost of moving grain to market. This is one I would not want to announce. People in the city say, oh, do not give those farmers any more freebies, but it will all get translated back into higher food costs, so you pay for it one way or the other, but this is one sacred cow that the rural farm community has had for a long time. It would be a tough one to take away.

Mr. Jennissen: The suggestion is much more popular in the North than it is here, I guess. No use riling up your voter base too much. The third suggestion was charging tolls on some highways similar to what is done in some United States.

Mr. Findlay: I am not an advocate of tolls, and I do not think the driving public in Manitoba is prepared to accept tolls. They see it this way. They are paying taxes in various ways and means to general revenue, and our roads are built. We are doing that and now I am going to drive down this particular road and I am going to get charged again. Very offensive. When you are building the fixed link from P.E.I. to mainland Canada, there is no alternative. You either paid \$14 to go on the ferry or you pay \$14 to go on the bridge. It is kind of a neat trade-off.

On the high through-put road in Nova Scotia, I believe it is, it is the only road to travel, and I think they have legislated that trucks have to run on that road. They have got no choice. You build the 407, I think it is, in Toronto because there are really not enough roads to handle all the traffic, people just have to use it. But, if we tolled any particular road—pick any one you want in Manitoba—the majority of the public would not use

it. They would go on another road. You would create congestion and impact on roads you do not want the traffic on. It just is not a saleable item. I just do not see—it works in the U.S. high-congestion corridors, but, here, no, it definitely will not work.

The idea of shadow tolls is a different principle, but it is debt financing in another way. Direct tolls that the public pays, again, I would not want to be the minister that went out and had to sell that one, because it just—[interjection] The member from St. Boniface (Mr. Gaudry), you want to be lead party on that one.

Mr. Jennissen: I am glad to hear the minister say that, because I am certainly not enamoured at the idea of toll roads either. It always aggravates me when I drive in France and you drive some great roads, but every once in a while they have their hand out for money. You understand it, but it is never popular with the populace.

The last suggestion made was introducing a surcharge on shipments of farm commodities. The amount of tax could be based on the weight of the shipment and the distance travelled.

Again, I do not imagine that would be popular, but it was a suggestion made.

Mr. Findlay: The minute you do something like that, you increase somebody's cost. You tip the scale of competitiveness against that individual performing in the economy. There is no magic in it. You can charge more. Some people say, well, just charge trucks more, double their registration or charge them an additional tax on their fuel. Well, all those trucking companies that boasted a little while ago about being stationed in Manitoba would instantly be stationed somewhere else. Think of the jobs you would lose.

* (1640)

So you have to stay competitive with other jurisdictions. You cannot jump the tax up or the costs up or they leave, because they cannot be competitive and still pay that tax. So the downside is a lot worse than not doing anything because they will leave. There is no question. They cannot be competitive. They will leave.

You have to maintain your tax structure so they will stay. You might have noticed that the provincial tax on railway diesel fuel, we lowered it from 13.6 to 6.3 simply because we were high compared to other provinces. We had to get it down if we were going to get the business of railroads and keep them creating jobs here. We have lowered it on aviation fuel by a cent a litre in this budget, the same concept. We were just a little out of sync.

With this global competitiveness, you cannot raise the costs or you lose the business and the people that create the jobs. You have to stay in sync. So ultimately taxes, as they always do, fall back on that ultimate consumer, the user of the end product. If you charge somebody like the farm community surcharges, they will stop producing here. They will do something else. You cannot extract taxes that are noncompetitive or create a noncompetitive position for the person you are charging the tax on. It just will not work in the long run. Short term, yes. You put up with the wheeling and the screaming and the crying and get a little tax, but five years later you will find that you lost a lot of jobs in the process. Your net effect, I bet you, is minus, and you still have to build the roads.

Mr. Jennissen: But the minister would admit, though, that prior to the election, for example, \$90 million was promised for northern roads in connection with the Repap expansion. I mean, that need has not gone away. I do not know how far Repap is expanding, but there is certainly a lot of wear and tear on the road. Now \$90 million is a lot of dollars; that is almost a yearly construction budget.

Mr. Findlay: The \$90 million the member is referring to was part of an original agreement signed with Repap back in '89, '88, '90, somewhere back in there. That agreement was rewritten and the commitment of \$90 million on roads, because they had not met the initial expectations they had put on the table. As we allowed them to withdraw from the agreement commitments they initially had made, we withdrew the \$90 million of commitment on roads.

We respond to their road needs the same as we do to road requests from Flin Flon or Thompson or Melita. We do what we can within the existing budget, but that was an agreement that was rewritten willingly on both

sides, and that \$90-million commitment is no longer there.

Mr. Jennissen: But the minister would admit that, if we had better railroad infrastructure, a lot of that weight that is now on the roads from pulp and from ore could have been carried differently and would have saved our roads considerable problems in northern Manitoba.

Mr. Findlay: In the case of pulp, whether the railroads are in the right place from where it is sourced to where it is going, there is always a connecting link to require some degree of nonrail transportation to get it to rail, and then the people who are making those decisions of which vehicle to use, road or rail, look at the cost efficiency, time efficiency, extra costs of moving from one to the other. In most cases, as I see it, they choose to use trucks, over and over again, trucks, trucks, trucks. For a variety of reasons, whether it is reliability, whether it is easy access to the source, costs, trucks win, and of course trucks use our public infrastructure.

The railroads? I know a lot of people say, well, just keep the railroads there, but they are really roadbeds owned by those companies, and I for one will say those companies are not immune from failure in the Canadian context, CN, CP. I do not mean that negatively, just the challenges they are facing, the competition from truck, from U.S. rail, is immense. We cannot order them as a government to do things that are not economic in the long-term interests of those companies. We want them desperately to survive, and they will rationalize a system in a fashion that they can survive.

I have learned a lot about railroads relative to the U.S. in the last three years, particularly at what we call WESTAC conferences, where all the different transportation activities, airline people are there, railway people are there, governments are there, other people from industry are there talking about the broad issue of the transportation challenges of our economy, and the railway, we always get a lot of discussion on the railway.

We had a major presentation from a U.S. consultant a few months ago where they pointed out where their U.S. railways are at, where they are going relative to the Canadian, and I said the Canadian guys have a lot of challenge to continue to do what we want them to do

without our ordering them to do things they do not deem as economic. So I know it is a tough trade-off. If you look at the narrow picture here in Manitoba, let us keep more rail, but at the end of the day, I do not want those railroads to fail, and I said it is not out of the question that one might or that we may end up with one railway, as the discussion was three or four years ago about one buying the other out, that sort of thing. We need both, we need as many rail lines as can be economically maintained in conjunction with our road system to serve the economic needs, and it will not be the perfect world we would all want, but I think it will at the end of the day be the rational, economically supportable world.

Mr. Jennissen: As I read about the attempted funding, the crumbling infrastructure, road infrastructure, three means of payment or three means of addressing this come to mind, and I read it everywhere. I would like the minister to very briefly talk about that, how he views that. One is the public-private partnerships and the other one is user fees and tolls. I think we have an inkling of how the minister feels about that, and thirdly, divestitures and privatization. Those are all ways we could go, obviously, but—

An Honourable Member: What was the last one?

Mr. Jennissen: Divestitures and privatization, as one grouping; user fees, tolls as one grouping; and public-private partnerships as one grouping.

Mr. Findlay: There are some examples of public-private partnership, and I have mentioned some of them. The Charleswood Bridge would be an example; the Confederation Bridge is an example; Highway 104 in Nova Scotia is an example; Highway 407 in Toronto is an example. The Confederation Bridge is the cleanest example, where a company signed a contract for I think it was \$800 million—something in that order—to build a bridge over a four-year period that would open by January 1, '97. They designed the bridge, they built the bridge, they will maintain the bridge, and they receive the revenue from the tolls on that bridge—they get the tolls for 35 years—and they get from the federal government also the current subsidy to the ferry system for the next 35 years. So that is all packaged together, and then it is turned over to the federal government, I guess, at the end of that. But they

have designed it to attract people to use it. The more people who use it, the more tolls they get. So it is an example. The ferries will not be running, so if you are going to make that trip you are going to have to use the bridge. They are trying to attract industry to the P.E.I. side so they are ending up with traffic going back and forth, so that is a good public-private partnership.

The revenue flows are all set down in agreement upfront and the interest rate, the people who invested are taking the risk. As I recall, a lot of the investment came out of Europe for this, because there are lots of examples around the world and it has worked. Another example would be building a road and using what is called shadow tolls. The government signs a contract with somebody to build a stretch of road and I guess 104 is an example—no, anyway, we will just—Okay, the only Canadian example is in Hamilton, shadow toll example. They build and finance the road. They get paid by government paying so much a year basis and, generally speaking, the number of miles driven on the road.

* (1650)

So it is really deficit financing, because let us say you build a \$10-million infrastructure today and government signs a mortgage agreement to pay for it over 25 years basis the amount of traffic on there, so you really commit your budget year after year for 25 years to pay for this structure that was built X years ago, and that is deficit financing. That is shadow tolls, and that is what Reg Alcock is referring to when he says shadow toll. I mean, there are examples of public-private partnership and the Charleswood Bridge is some degree of an example of that. I guess that is really a shadow toll because they are paying—[interjection] No, the City of Winnipeg is paying the mortgage, just a fancy mortgage.

Some of these work on different conditions, but I do not say they are uniquely successful in every example. I said earlier, the idea of tolls of any form in Manitoba are not attractive for the customer and deficit financing for roads is not attractive for us as government, and the reason I say that is because that is effectively how hospitals were financed. They were built and they were mortgaged and every year we had to pay principal and interest and most of the money that was set aside for

capital in these hospitals had to go to pay the principal and interest on previously built structures. You ran out of new money because the debt kept building. You have to get on a current account basis with capital; otherwise, you get eaten alive in the future.

It is good in the front end, for the governments in the front end it looked great and would we not look great if we went out and spent 10 times as much money over the next two years to build roads. Subsequent governments would be paying that principal and interest for a long time and 10 years out when you need more new roads and all you do is use your annual budget to pay previously built roads, principal and interest, it is not a good policy down the road. So those are various examples. I just constantly say there is no magic if you do not have new money.

Mr. Jennissen: I thank the honourable minister. Just before I conclude, in fact, I am concluding. I wonder if the minister would be willing to entertain a few questions from the honourable member for Inkster who asked for five minutes on a particular topic, and then we will continue tomorrow.

Mr. Kevin Lamoureux (Inkster): Mr. Chairperson, I did have a bit of a change of topic and I know on the infrastructure and so forth I have had plenty of opportunities to speak in different ways, whether it is Question Period or other ministers. So it is really a change of topics.

The other day I was actually visiting my father at a local dealership and a question that he had asked me was if I had heard anything with respect to the new licence plates that are coming out. Now it is going to be required to have front licence plates, and he was indicating to me that there is concern from within the dealerships as to what expectations the government is going to have of the famous dealer plate. In the past, even when we have had two plates the dealers have always been allowed to have one in order to accommodate things such as test drives for their customers.

Mr. Findlay: This has been a fairly significant issue, but it has been laid to rest, and I think the member will—your father or father-in-law—

Mr. Lamoureux: Father.

Mr. Findlay: –father will be pleased with the outcome. The issue for having two licence plates was for identification of a vehicle, commitment of a crime or whatever. A couple of examples that were brought to us by law enforcement people, by school divisions, by citizens in general, it is like a car going by a school bus when it should stop. Maybe the school bus driver cannot catch the rear plate but he can catch the front plate. It helps identification. Somebody that is stalking an individual drives up a driveway, backs out. You might catch the front licence plate with the car backing out; so you increase identification. It helps police officers in identification.

We have around 5,000 dealer plates, so without requiring front plates that means that you have over 5,000 cars out there with only one plate. Now the broader issue is to be sure we have identification of these vehicles, and you know that dealer plates are on cars that are driven all over the province, not only in the business aspect but in terms of recreation, wherever they go a lot of these people are driving cars with dealer plates on. So we have had a major discussion involving the dealers, the Manitoba Motor Dealers Association.

We have certainly involved the Winnipeg police and the RCMP, and ultimately came to a conclusion that yes, there are too many dealer plates out there and in the process of issuing dealer plates in the future maybe we would tighten up the criteria as to who qualifies as a legitimate dealer, at least having such things as a business licence, that sort of approach. But we will not require dealers to have a front plate because they have argued, the member mentions the efficiency of moving plates and vehicles and test drive and all that sort of thing, and the police have agreed with that, that dealers only need to have the one plate. The other thing they point out, well, if you have two plates they could end up on two cars kind of thing.

So we came to the conclusion that dealer vehicles only need the one plate, and we have written a letter to every dealer telling them that. That has been done in the last two weeks. So discussion with the industry, discussion with the enforcement people; we went from one plate, said we should have two, back to one plate for the dealers, legitimate dealers.

Mr. Lamoureux: I am pleased to hear that because I think it was a legitimate concern as expressed. I would also concur with the remarks of the minister in terms of the need to go back to two plates. As someone that was not a very big fan when they went to one plate, for numerous reasons, the primary one being of course that of safety concerns. There are many different forms of safety that are out there that require the two plates.

I am pleased to hear that the decision has actually been made, and I am quite content just to leave it at that. Maybe sometime in the future we will have more of a dialogue on possibly a more substantive issue such as the infrastructure dollars in Highways. I appreciate the minister's comments.

Mr. Findlay: For the member's information, seven out of the 10 provinces will have dual plates in Canada, and I believe it is 35 out of 50 states have dual plates. So we are in the majority by going back to dual plates. Then again, it seemed like a big issue in Manitoba. Most people have the two plates or stayed with the two plates.

One of the issues, and this is going back to I think it was '83 or '85, somewhere in there, it went from dual plates to single plates on the basis of cost. It was too costly to cut two plates. We solved that by charging the plate user \$7 for the pair of plates, so that covers the cost side of it. It does not cost the government more to have dual plates, it effectively costs the car owner the cost of the plates, and \$7 is not out of line for two plates, especially as good as they look. Those vehicles that have one plate, whether it is motorcycles or dealers, it is \$4. It is not a big cost, but we solved the cost problem for government by doing it that way.

Mr. Lamoureux: The minister's last comment in terms of "as good as they look," the first thing that came to my mind was my colleague from St. Boniface and his concerns with having the word "Bienvenue" on the plates, of course, but I am sure the minister is quite aware of the pros and the cons of that particular issue and the member for St. Boniface's genuine sincere concern with respect to it.

Seeing as there is approximately another minute, has the minister given any thought—and now I will go to the infrastructure—in terms of infrastructure has been used

for other programs outside of highway construction. Does he believe that a certain percentage of infrastructure dollars should be assigned to roads? Does he believe that all of the infrastructure dollars should be assigned to roads?

Mr. Findlay: Very quickly, I believe that a portion of infrastructure dollars should go to roads, because it is the big crying need for cities, municipalities, provinces and for the federal government. We have a road infrastructure deficit, and the money has to come from somewhere, so this cost-sharing of it benefits everybody but only costs any individual 33 cents out of the dollar. So I am a strong advocate that a portion of infrastructure dollars should go to roads. We have a pilot project called 1997 with \$14 million in rural roads, \$14 million in city streets.

* (1700)

Mr. Chairperson: Order, please. The hour being 5 p.m., time for private members' hour.

Call in the Speaker.

IN SESSION

PRIVATE MEMBERS' BUSINESS

Madam Speaker: The hour being 5 p.m., time for private members' hour.

PROPOSED RESOLUTIONS

Res. 11—Jobs, the Economy, and Housing Starts

Mr. Gerry McAlpine (Sturgeon Creek): Madam Speaker, I beg leave of the House to move Resolution 11 on behalf of the honourable member for Gimli (Mr. Helwer).

Madam Speaker: Does the honourable member for Sturgeon Creek have leave to move the resolution on behalf of the honourable member for Gimli? [agreed]

Mr. McAlpine: I move, on behalf of the honourable member for Gimli (Mr. Helwer), seconded by the honourable member for Lakeside (Mr. Enns), that

“WHEREAS in recent years, Manitoba's overall economy has turned in a solid performance, generally ranking in the top half among provincial growth rates; and

“WHEREAS for 1996, the Conference Board of Canada estimates Real Economic Growth in the province at 2.8 %, which is well ahead of the national gain of 1.6 %; and

“WHEREAS the Conference Board expects growth in Manitoba to be 2.4 % in 1997, putting the province into fourth spot among the provinces, and seven major economic forecasts estimate real growth in Manitoba to be 2.5 %, which is also fourth best among the provinces; and

“WHEREAS there were 2,318 housing starts throughout the province in 1996, which was a gain of 18.1 % and above Canada's 12.4 % increase during the year previous; and

“WHEREAS in 1996, Manitoba had the largest gain of any province in housing starts in rural areas at 43.7 % compared with Canada's 7.0%; and

“WHEREAS substantial growth took place last year in the Rural Municipality of Gimli with \$12.5 million in the construction of new homes, cottages, and businesses; and

“WHEREAS the R.M. of Gimli led the province in the number of new residences built in the Eastern Interlake Planning District last year with 33 new homes and 12 cottages, while the Town of Gimli saw the most new permits for commercial growth; and

“WHEREAS January 1997 marked the seventh consecutive month of strong job gains for Manitoba in which total employment in the province rose to 540,000 persons in January 1997, or 4,200 more jobs from the previous month; and

“WHEREAS 23,900 jobs were created in the province between January 1996 and January 1997; and

“WHEREAS exports to the United States, exports to all foreign destinations, new capital investment by

Manitoba's private sector, manufacturing shipments, and retail sales have all increased substantially.

"THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba encourage the Provincial Government to consider continuing to enact policies and legislation that will attract businesses to the province and build an environment that will allow the economy to strengthen, while modernizing our social programs to make Manitoba the best place to live, work and raise a family."

Motion presented.

Mr. McAlpine: Madam Speaker, it gives me great pleasure, as the member for Sturgeon Creek and in representation of the good people in Sturgeon Creek who recognize the importance of the economy in the province of Manitoba, to be able to move this on behalf of the honourable member for Gimli (Mr. Helwer). In my role as legislative assistant to Industry, Trade and Tourism, it really gives me great pleasure to be able to speak to this resolution today and to be the mover of this resolution for this House.

As you know, since this government has come to office, we have worked hard to build a strong economy here in Manitoba. As the resolution has referenced, it is not only a matter of building a strong economy in Manitoba, I believe the important aspect is building the environment that enables the economy to generate and to be able to build on its own, because as we have learned on this side of the House, it is not enough to rely on governments to build economies or to strengthen economies. I think it is the environment that we create in our philosophies that will help the business community to create the opportunities for employment and to build and to prosper in the province, as the business community is.

Our government understands that the bedrock of a viable economy is fiscal responsibility and a positive business climate, and this is why we have added to the province's advantages by freezing the taxes for 10 consecutive budgets. We have made it illegal for any future government to run a deficit. What that does, Madam Speaker, is it gives a strong and powerful message to the business community that we are serious about creating the environment and supporting the

business community out there to create the wealth and the wellness in the business community that the businesses are so capable of doing if they have the opportunity and the flexibility to build and to develop.

This is why we have added to the province's advantages by freezing the taxes for 10 consecutive budget years and why we have made it illegal for any future governments to run deficits, because we have seen those years of running deficits, spending money that we did not have or spending money that we are expecting to receive and oftentimes not receiving it, and then we would end up having to borrow more money and to run high deficits and high debts and would have to support that with high-interest payments.

This approach has won Manitoba consistently high ratings from the international bond-rating firms like Moody's Investor Services and Standard and Poor's, and, Madam Speaker, just last week the most recent labour force survey was released, and here in Manitoba the province's unemployment rate had fallen to 6.6 percent in April 1997, and our jobless rate is now at its lowest point in seven years.

Employment rose by 2,000 people in April 1997, and since April of last year our growth has totalled 15,000 jobs, a gain of 2.9 percent. This is the largest increase, Madam Speaker, among the provinces and nearly three times Canada's 1 percent gain over the same period. Manitoba's economy has added 17,700 jobs, new jobs, since last June, and this represents a 3.4 percent gain for our province, and, again, this is the strongest in the country.

* (1710)

Overall, much of the job growth has been in the private sector which bodes well for the overall economy, rather than relying on government to fill any void as far as job growth is concerned. I think it is healthy when the business community can provide the economic spin to these very viable and important and sensitive job opportunities, creating the employment and the need for employment. I am told, Madam Speaker, by some of my rural colleagues that it is hard to even find people to fill positions in rural Manitoba. It is so difficult for people who are running businesses to find people who can actually fill the positions that

they need. So I think that says a lot for the province of Manitoba.

The private sector employment for the first four months has averaged 538,700 people, a gain of 17,300 over the same period last year that gives us a 3.3 percent growth rate, the highest of any province, and more than three times Canada's 1 percent growth rate so far this year. Did you know why our job figures are among the best in the country? It is because this government is committed to spending taxpayers' money wisely, and the business community recognizes that. We are committed to creating a strong economic environment in Manitoba in order that business and industry can prosper and create jobs, and the business community recognizes that, too, Madam Speaker.

Our stable and secure finances have opened up new avenues for all Manitobans to take advantage of the opportunities presented to them. Manitobans are seeing the benefits of our recharged economy through an abundance of jobs and entrepreneurial opportunities. This was even mentioned in the April 28 edition of Time magazine, and I would urge all members to read that because it is good reading, and every Manitoban and every member of this Chamber who is proud to be a Manitoban would certainly glean delight in reading this and be very proud, as I am proud, to be a Manitoban and to make the reference because Time magazine quotes this type of news. It is a Canadian magazine and it is usually very accurate. I mean, they do a lot of research.

But, Madam Speaker, let me quote from Time magazine, April edition in 1997. It says that it is happening all over Canada, and it is happening more and more. Companies that faced extinction or did not even exist in the '80s are making their mark in global export markets as never before. Take a look at Manitoba, for instance, once known almost exclusively for its exports of unprocessed natural resources and agriculture products. The easternmost prairie province is transforming itself into a major production platform of manufactured goods for the U.S. market. Everything from computer buses to women's and children's clothing to bedroom furniture is beginning to flow south down a route through Chicago and the U.S. Midwest to as far as Mexico, and local visionaries called the NAFTA superhighway after the North

American Free Trade Agreement. At the Manitoba-U.S. border, 500 trucks a day queue up to ferry goods south because of the swelling volume. U.S. Customs has been forced to upgrade its facilities there. Since 1990, Manitoba's exports have doubled to just under 4.3 billion last year, and wheat has been bumped from the top of the list by motor vehicles and auto parts.

Madam Speaker, I think that there is other good news in this article, and they go on to reference Manitoba and Winnipeg in many respects, and I commend the honourable members to look at that and to gain some understanding of Time magazine and the research that they have done.

Madam Speaker, we have built up the most diversified manufacturing sector in the province, and we are among the top in western Canada. This diversity means that the manufacturers can source many of their inputs from other firms and draw on a large pool of skilled labour. Manufacturing is the driving force behind our economy and has been for a number of years in the province of Manitoba, and it is developing a proactive economic development strategy to sustain the strength of manufacturing in the province. A number of taxation and other financial incentives from businesses expanding or relocating operations in Manitoba have been introduced.

Taxation is an effective tool, as I have referenced before, Madam Speaker, that can be used to advance economic growth and development. As a government, our objective is to remove the barriers to growth created by uncompetitive taxes or excessive regulations and to nourish a climate that encourages people to buy a home, to hire more people or to start a new business.

One of the easiest things to do in this province today is to start a new business. It can be done with very little investment, and I think that too often people—and I think we are seeing more of this all time—when they are feeling insecure in their jobs or in the future of their jobs that they have maybe been in for 10, 12 years, and in some cases it is not even that long, they do not feel they can continue to go on and to provide the welfare for their family and the security for their families. So what they will do is they will start small businesses. There is certainly an opportunity to be able to do that in this province. That is one of the things that I am proud

to say that, as an entrepreneur and proud of it, this province lends itself to business opportunities, and we certainly encourage that.

I think that is the trend of society today that we are getting away from the opportunities or the jobs when we left high school and 30 years later we retired from the same position. I mean, those days are gone. They are just not available in our society, and I do not think we will ever see that again. I think that we have come full circle, Madam Speaker, and I challenge everybody to look at that and to take advantage of the opportunities that are available as entrepreneurs or small-business people. You do not have to have a multimillion-dollar business or go out and invest a lot of money to be in business today.

I just want to reference very briefly, there were 166 housing starts in Manitoba urban centres during April 1997, which was a 133.8 percent gain over the same month last year. This is the largest provincial increase as well as above Canada's 44 percent growth over the same time frame. The current Canada Mortgage and Housing Corporation forecast is about 2,550 dwelling starts in all areas of Manitoba this year, and if this forecast holds it should mean growth of about 10 percent for Manitoba this year.

Small- and medium-sized businesses are among the most important generators of jobs especially for young people in Manitoba. I think that when we consider that the small-business community represents about 80 percent of the employment in this province, I think we have to as a government look and support the opportunities for the people in small businesses because that is the future, that is the economic driving force of this province and this country. Thank you, Madam Speaker.

* (1720)

Mr. Tim Sale (Crescentwood): Madam Speaker, I am pleased to put some remarks on the record in regard to this resolution, which ignores the realities of life that face a great number of Manitobans.

The Atlantic Monthly wrote a very interesting article in November of 1995. The article was: If the GDP is up, how come America is down? It was a very

interesting article, and I commend it to members opposite because what it examines is the growing contradiction between the official numbers that country's cite in terms of growth of GDP, growth of employment, and the experience of real people in those countries which increasingly seems to make people feel fairly depressed about their prospects.

I would ask members opposite, if things are so good in Manitoba, why is it that when you survey Manitobans, as the government does through its surveys and as other groups do, Manitobans tell you they are very, very concerned about jobs, they are very concerned about the security of their employment, they are very concerned about the chances and opportunities of their children and that they see the very real possibility that the increased insecurity they have experienced in their lives as adults will be multiplied for their children.

So, Madam Speaker, I think that this is an important resolution, but it is important for some fairly negative reasons. It attempts to put on a picture that most Manitobans understand to be troubled, the spin of all is well and good news is increasingly just pouring in every day.

There has been growth in exports. That is absolutely true, and many of the manufacturing industries that Manitoba is home to have done very well. Ford New Holland, for example, has produced some world-class products and has a world mandate in a number of the tractors that it builds. It is a very good story. [interjection] Palliser Furniture, for the member opposite, certainly has a strong record of exports and a rapidly growing export record. There are other success stories, and I think that members on this side take pleasure in those stories just as members in government do. When there are good jobs and when Manitoba's ability to provide for all its citizens is enhanced, we celebrate that as much as government does.

But, unfortunately, at the same time, for example, during the period of 1996 and into the first part of this year, there were some 5,601 layoffs, loss of jobs. These were in companies that provided long-term stable employment, Eaton's for example—we are going to see a very large number of long-term career employees of Eaton's looking for somewhere else to work—VIA

Maintenance, Rice Sportswear, St. Boniface head nurse positions, Portage Manufacturing, Woodstone, P & H Foods, Rogers Sugar, Manitoba Telecom Services, CBC, Richardson Greenshields, CPR Weston Shops and so forth. I will leave a few of those for others to add to the record.

What we have seen here, and I apologize to my friend from the Interlake who is getting anxious that I am stealing his thunder here, is the real record of job creation in Manitoba. Yes, there have been new jobs, and we hope there will continue to be new jobs, but what jobs are they? The manufacturing industry, for example, of which the government is so proud employs fewer people today than when they came to office, approximately 4,000 fewer. Those were good jobs. Those jobs have been lost. They will probably not come back if the recent track record is anything to go by.

There is no question, Madam Speaker, that the manufacturing industry is exporting in dollar terms a higher volume of products, but they are doing so with fewer employees. We have deskilled a large number of industries, and what we have replaced those jobs with are jobs in the service sector.

Madam Speaker, those of us who have had children or friends go to work in some of these new jobs can tell you what they are like. For example, in the telemarketing industry, I was visiting with a person the other day who works in one of the new telemarketing centres. This person told me that, for example, the total training involved in this so-called high-skilled job was to read a paper manual for a couple of hours and then be placed on the board to start selling. The same person told me of situations where people who were trying to sell over the phone, and those of us who have been the recipients of those calls have some sense of the frustration, trying to sell widgets to people who did not want to buy them. There are supervisors on the floor, of course, who track every call and every sale, and if you do not make in your shift eight sales in this particular company, your name goes up on the board, and if a second day you do not make your quota, you do not get notice, you do not get training, you do not get additional support to find out what you are doing wrong. You get fired. You were not producing, you are out of here.

Madam Speaker, in the same new telemarketing centre which gains lots of positive press, if you are more than one minute late coming back from a break, whether it is a bathroom break or a coffee break or a lunchbreak, your chair is taken away from you and you have to stand for an hour like you were some kind of grade school pupil. If you are not making your quota partway through the day, your name goes up on a board where everybody can see that so and so is not making their quota.

I was told by numbers of people that routinely people's pay cheques are mysteriously short as much as a hundred dollars. Of course, when they go to complain and they hand in their hours and say, look what I was paid, look what I worked, the manager says, oh my goodness, there has been an error, we will have to correct that. Of course, we will not be able to correct it for a couple of weeks because your next pay cheque is not due for a couple of weeks, but we will correct it. And the next pay cheque comes out and my goodness, there is the \$100, it has been added back, but the pay cheque is still short \$100. Oh, my goodness, you know, there has been another error. Now, is that not frustrating; we will have to correct that.

What happens all too often, Madam Speaker, is that the turnover of these companies is such that people leave with wages owed to them, and they never get those wages, and, you know, I do not think those companies donate that excess to charity.

Madam Speaker, the quality of the jobs that are coming to the economy is not always low. There are some good jobs being developed, and I will not deny that, but if you look at the statistics of where the job growth has been, all, absolutely all of the job growth in Manitoba in the last seven years had been in the service sector. There has been no job growth in telecommunications, no job growth in manufacturing, none in primary industries, none in any of the secondary fields, none in the financial sector, none in the public sector, of course. That shrunk. All of the growth has been in the service sector. These jobs are characterized by high turnover, low benefits, low skills and seasonality.

You cannot make an investment in an economy; you cannot make a commitment to a family; you cannot buy

a house; you probably cannot even buy a car on the kind of wages that are paid in the service sector. That is why so many of our families still have kids living at home, because they can make enough money to feed themselves, or they can make enough money to rent an apartment, but not both. So, unfortunately, or fortunately, perhaps, if you like extended families with teenagers who are now 29 or 30 years old living at home with you, that is what we have in our economy.

* (1730)

Now, Madam Speaker, the member talks about employment growth. The member for Dauphin (Mr. Struthers) and I had the opportunity last year to have some meetings in the Grandview area, and I remember members of the government staff and members of Canada Employment talking about the unemployment situation in the Parkland Region as a whole, and we said, what do you think the unemployment really is up here? We know what it is provincially according to the surveys, but what do you think it is here? They said, well, I do not know, 18 to 20 percent. We both kind of said, yes, that is probably true. That kind of shakes you up a bit though; 18 to 20 percent in an area as big and as economically important as Parklands is.

Madam Speaker, Saskatchewan and Manitoba are the only two provinces in Canada that have a very significant proportion of their population that is Status aboriginal. Stats Canada does not even count these folks as unemployed, but they live here; they are citizens here. They need health care. They are in our education system. They use our provincial infrastructure. They contribute to our life, but they do not count.

They do not count for statistical purposes, so there are no surveys of unemployment among Status aboriginal people, and those of us who know the survey business know how very hard it is to survey somebody who does not have a telephone. My honourable friend the member for Point Douglas (Mr. Hickes) can tell us how many people in his constituency either do not have phones, have not had phones or have had to give up their phones because the costs of having one, having a simple phone, have gone up so much in the last few years.

My partner works in an inner city drop-in centre, and, increasingly, she reports to me that people in her centre are giving up their telephone because they cannot afford to keep it. It is going to be very hard for StatsCan to survey unemployment by phone among folks who do not have phones.

They do not survey aboriginal people on reserve. They do not survey very often into areas where they do not get much response because it is hard to do that.

So Manitoba and Saskatchewan—obviously, I say both because one is an NDP province and one is a Conservative province at this point—both have far, far higher real unemployment than reported unemployment. Ontario's unemployment rate of 9.2 percent or 9 percent now includes only a very small proportion of Status aboriginal people who are not surveyed.

Perhaps if they were surveyed, that rate might rise half a percent, because in proportion to the workforce of Ontario, aboriginal people are a small proportion, but in proportion to the workforce in Saskatchewan and Manitoba, they are a very major proportion, something in the order of 9 or 10 percent, and the average unemployment is between 50 and 80 percent. So if you allowed even 50 percent unemployment in 10 percent of your workforce, that is another 5 percent on our unemployment rate.

So really Manitoba's unemployment rate is not 6.6 percent. In terms of its productive citizens who would like to be in the workforce, our unemployment rate easily exceeds 10 percent and probably is as high as 12 to 13 percent.

What does that also not count, Madam Speaker? Well, that does not count the people who have voluntarily withdrawn from the workforce because they could not find anything that made any sense for them to do. It does not count the discouraged workers. It also does not count the 70 percent of part-time workers who would like to be working full time. Those folks are not counted as unemployed or underemployed. We do not have any numbers on underemployment.

Madam Speaker, what is a job in Manitoba in StatsCan's view? Well, a full-time job is anything over

30 hours a week. That is full time. Part time is under that. What has happened in the last few years in Manitoba is that wealthy people and capital—that is, not the capital of manufacturing companies and retail shops and whatever—has done very well. There have been jobs generated in the service industry, in the service sector, but ordinary people have not done very well. Their real wages have fallen by some 8.6 percent since this government has been in office. The real wages of average Manitobans are not bigger; they are smaller. Yet there has been real economic growth according to the GDP.

If the GDP is up, how come Manitobans are down? Well, they are down because the rewards of the growth have gone disproportionately to the top percent, whether it is 10 percent or 20 percent, and to capital. The rewards of that growth have not gone to ordinary working people, and, in fact, ordinary working people have contributed to the profits of capital over the last eight years by having their real wages fall by 8.4 percent.

So this is not a good-news story, no matter how the government would like to spin it, Madam Speaker. Manitoba's economy has produced wealth for few and falling standards of living, falling confidence, falling family security, falling sense of future opportunities and possibilities, and that has been replaced with insecurity and fears on behalf of both parents and younger people that they will not have a future which as Canadian citizens in this wealthy country they ought to have if chances were being reasonably and fairly shared about.

Hon. Eric Stefanson (Minister of Finance): I am pleased to rise today to support this resolution, not surprisingly. I think, for the benefit of members opposite, particularly the member for Crescentwood (Mr. Sale), it might be worth taking some time to actually look at some facts and see just how Manitoba's economy is performing relative to the rest of the provinces in Canada, Madam Speaker.

In fact, the member for Crescentwood himself not long ago on an open-line radio program on Friday, March 17, he himself acknowledged that we are in a period of record growth and jobs and employment, quite different than the story that he is attempting to tell here today, and that was only a month and a half ago, Madam Speaker, that he made those comments.

I want to take one minute to talk about the 1980s which were a different climate, a different environment at the time, and some would argue that some of the choices were easier during that era because of the growing revenues and the double-digit increases in revenues.

What kind of a strategy did we have from the NDP government of the day back in the 1980s? Well, their strategy really consisted of two parts. The first part was to tax and spend, and the second part was to borrow and spend.

In fact, in their last three full years in office, 1985, 1986 and 1987, the NDP had the distinct pleasure—

Point of Order

Madam Speaker: Order, please. The honourable member for Interlake, on a point of order.

Mr. Clif Evans (Interlake): Madam Speaker, we hear the minister quoting from some TV or radio show, whatever it was, quoting the member for Crescentwood (Mr. Sale). He only made a quote of one sentence. I would appreciate it if there is more to that quote, would he read the rest of it so we know exactly what was said and not just what the minister wants us to hear?

Madam Speaker: Order, please. The honourable member for Interlake does not have a point of order.

* * *

Mr. Stefanson: Well, Madam Speaker, I am sure the member for Crescentwood can provide his colleague with a copy of the transcript at any time. I am sure he probably has a framed copy in his office where he acknowledges that we are in a period of record growth and jobs and employment. It is certainly nice to hear the member for Crescentwood acknowledge what all Manitobans know and all Canadians know, that Manitoba's economy today is performing amongst the best in all of Canada.

So what did that \$1.6 billion of debt in just three years buy the NDP in those days? What actually did they get for that \$1.6 billion? Well, job growth that was consistently below the national average in each of

those last three years. In fact, in 1987, the last full year under the NDP, Manitoba's job growth rate on an annual basis was 0.8 of 1 percent compared to 2.7 percent for Canada in spite of massive deficits of over \$500 million a year and quadrupling the debt of Manitoba during the 1980s.

* (1740)

But let us put some actual facts on the record, Madam Speaker, and let the facts speak for themselves. I will take the time to provide to members opposite and all members of this House some of the facts on Manitoba's economy, because I think it is important that we look at the facts.

Let us look at the first four months of 1997. [interjection] The member for Dauphin (Mr. Struthers) wants to hear about the first four months of 1997 when we talk about employment, because for that period in Manitoba, Manitoba has averaged 538,700 people, a gain of 17,300 over the same period last year. Using statistics, that is a growth of 3.3 percent, the highest of any province in Canada and more than three times Canada's 1 percent growth rate so far this year. That is a fact, Madam Speaker.

Let us look at other aspects of the job growth. All of Manitoba's job growth so far this year has been in the private sector. Private sector employment for the first four months of 1997 actually averaged 427,400, a gain of 20,600 jobs over the same period last year. That is a 5.1 percent gain for Manitoba, the best of any province in all of Canada and far ahead of Canada's 1.6 percent increase.

Let us look at another statistic. Nearly 70 percent of our year-to-date employment growth has been in full-time jobs, close to 12,000 jobs. That gives us a 3 percent growth in full-time jobs so far this year, the second-best performance of any province in all of Canada and much stronger than Canada's growth of 0.7 percent.

Let us look at the outlook for 1997, because, once again, it remains strong. The Conference Board of Canada expects Manitoba to add another 12,000 new jobs in 1997. A recent survey by the Canadian Federation of Independent Business found that

Manitoba's small- and medium-sized businesses are expected to lead the nation in hiring this year. These are some of the facts, Madam Speaker, that show the performance of Manitoba's economy.

Let us look at our seasonally adjusted unemployment rate. It fell to 6.6 percent in April, the third lowest of all provinces and down from 7 percent in March. Our jobless rate is now at its lowest point in seven years. The last time it was that good was in April of 1990 when the rate was also 6.6 percent. So, once again, when you look at our unemployment rate, if you look at it for the first four months of this year, it has averaged 6.9 percent, the third lowest in the country, a full 2.5 percentage points below the Canadian average of 9.6 percent.

Let us look at youth unemployment for the first four months of 1997, average 13.4 percent. I think we would all agree that that is too high, but if you compare it to the rest of Canada, it is the second lowest in all of Canada and more than 4.5 percentage points lower than the national rate of 18 percent.

Those are just some of the facts when it comes to jobs and unemployment rates in terms of how well Manitoba is performing, and that has been indicated in all kinds of articles and all kinds of publications from the local media saying, Manitoba's economy full-steam ahead; Optimism reigns in Manitoba.

It reigns throughout Manitoba. The only place where optimism does not reign is across this Chamber amongst members in the official opposition. Another headline: Manitoba economy alive and well; Job market catches fire in Manitoba. The list goes on and on in terms of how Manitoba's economy has been performing and the acknowledgment of all Manitobans in terms of how well Manitoba is performing.

Look at the list of announcements throughout Manitoba, whether it has been J.R. Simplot in Brandon or Isobord Enterprises in Elie or McCain Foods or Canadian Agra or Schneider corporation or Midwest Food or Palliser Furniture or New Flyer Industries or Purolator Courier, just to list a few of the companies that have made significant investments and job growth in Manitoba in the last several months, Madam Speaker.

Let us look at some other economic indicators. I know the members opposite, they accept these numbers amongst the best job growth in Canada, one of the lowest unemployment rates. But let us look at other economic indicators. They might say I am being selective. Well, I will not be selective. I will look at exports. I will look at retail sales. I will look at private sector investment. I will look at manufacturing investment. I will look at manufacturing and shipments, and I will show these members opposite that when you look at all of these economic indicators on an all-inclusive basis, Manitoba today is performing on an overall basis the best in all of Canada, because in all of those areas we are amongst the top two or three provinces consistently in terms of our performance.

I hope the members pay attention, and probably reread this again tomorrow so they have the opportunity to let all of this good news and all of this important information sink in.

I know sometimes it takes people a few times to read things and to look at them, and I would encourage the member for Interlake (Mr. Clif Evans), tomorrow when he has a free moment and he is having his cup of coffee that he read Hansard again, and read these important statistics for Manitoba, because our economy is performing very well. I am sure if he takes the time, if he enjoys his cup of coffee and reads these comments that he will recognize and he will agree that Manitoba's economy today is something to be very proud of. Indeed, all Manitobans are proud of that.

Let us look at exports. Let us talk about exports for a minute. Manitoba exports to the United States, they total \$4.47 billion in 1996, a 12.6 percent gain. One of the best performances. Again, above Canada's gain of only 6.9 percent. Madam Speaker, 40 percent of Manitoba's total growth in exports to the United States last year was due to the manufacturing sector. Last year, though, marked the fifth straight year of double-digit increases for Manitoba exports to the United States. In that time our exports to that very important market have grown by 141.7 percent, the second best export performance amongst all provinces in Canada and well above the national gain of 102.9 percent. Those are the facts in terms of how Manitoba's economy is performing in exports to the United States.

Let us look at exports to all destinations, because we are fortunate, we do not only export to the United States. We export to countries throughout the world, Madam Speaker. So let us look at how our overall exports are performing. Well, again, our exports to the world total \$5.99 billion, up 9.7 percent. Again, in terms of the performance to other provinces, the third best performance in all of Canada, and more than twice Canada's international export gain of just 4.1 percent. Those are the facts in terms of exports to all foreign destinations.

But let us look at another important statistic. I think members opposite would agree that one of the best indicators of private sector confidence is private sector investment. I am sure the member for Interlake knows that, having run a business in Riverton. That is a true test of the confidence that individuals have if they are prepared to take their own hard-earned money and invest it in the business or go out and sign and borrow money to invest it into the business. Well, let us look at private sector investment. Let us look at that. 1997 looks very good. Our growth in 1997 is forecast at 8.6 percent. Again, above the national increase of 7.8 percent. But the most important statistic is that Manitoba has now had six consecutive years of growth in private sector capital investment, something that no other province in all of Canada has done—six years of growth in Manitoba. No other province can match that performance. Since 1991, private sector capital investment has grown by 44.5 percent, more than two and a half times above the Canadian growth. That is the confidence of private individuals that the private sector has in Manitoba.

What would you say is one of the best tests of consumer confidence? I talked about private sector, private sector investment. What is one of the best tests of consumer confidence? I think most would say retail sales, retail trade. It is a good sign of consumer confidence. Are people out there spending their money, buying items that they require, buying appliances, buying clothing, whatever they might require? What kinds of things are they spending their money on? Well, let us look at our retail trade numbers over the last period of time. The total value of retail trade reached \$7.8 billion in 1996, a 6.2 percent increase above 1995. It was the third highest growth rate among the provinces and more than twice the

national growth rate of 2.6 percent. Last year was the fifth consecutive year of steady growth for Manitoba retailers and the second time in as many years that Manitoba again outperformed the Canadian average. They outperformed the Canadian average in 1996. We outperformed the Canadian average in 1995.

What has happened so far in 1997? For the first two months of 1997, the first two months we have the statistics for, again our growth in that area is up another 10.3 percent, the second best performance in Canada and well above Canada's growth of only 6 percent. Those are the facts, Madam Speaker, when it comes to retail sales and consumer confidence.

What are some of the other economic indicators? Let us look at manufacturing. Let us look at manufacturing shipments. Manitoba and manufacturing shipments were \$121 million higher during the first two months of 1997 compared with the same period last year, fourth highest growth among the provinces and again, well above Canada's growth of 6.3 percent. Manitoba is now into its third consecutive year of outperforming the Canadian average when it comes to manufacturing shipments. In fact, we are two and a half times Canada's increase over that period of time in 1996 alone. Again, those are the facts when it comes to what is happening in our manufacturing sector.

I am sure members opposite see it, whether it is New Flyer bus and the full order book that they have shipping buses throughout North America, whether it is Palliser Furniture. The list goes on and on in that sector, the amount of activity in terms of shipments and in job creation that is taking place in the manufacturing sector.

* (1750)

Manufacturing capital investment, another test of confidence. Our performance this year will be the third best provincially and five times above the Canadian growth. Since 1991 new capital investment by manufacturers in Manitoba has more than doubled, growing by 139 percent, the second best performance in all of Canada.

Madam Speaker, those are just some of the facts, and I know time will not allow me to go through all of the

economic indicators, but I would welcome the opportunity to do just that at any future date. Those are the facts in terms of how our economy is performing today. Everybody is acknowledging we are performing very well. It should be something that we should all be proud of.

Members opposite, just because they are the opposition, I would like to think, should be pleased to see the jobs being created, the opportunities being created in our province, because if we go back during the '80s, even during the late '80s, even during the early part of our mandate, a concern has been the issue of out-migration, that we were losing people to other provinces.

Today, we still have an out-migration amount of about 1,400 or 1,500 people. We now are into our seventh year of decline, the most sustained reduction in three decades. We are down from a high of about 10,000 to 11,000 in the late '80s. Why is that? Because young people are now finding jobs right here in Manitoba where they want to be and staying in Manitoba for their employment opportunities. In fact, today we are attracting people from seven other provinces, including the province of Ontario, by the way. People are migrating from Ontario to Manitoba, because of the opportunities and the job opportunities that are created here in our province.

These are just some of the facts. I believe that the facts, Madam Speaker, speak for themselves, that our economy is performing very well obviously as a result of all of that. This resolution deserves the unanimous support of this House. I would encourage members opposite to do just that, to show the positive aspects that are happening here in Manitoba that Manitobans recognize. All of us should unanimously support this resolution.

Mr. Stan Struthers (Dauphin): Madam Speaker, I really, really feel bad that the Finance minister did not have more time to talk about all the facts, because, as he has said, he has put some of them on the table out for discussion today. What I plan to do is help the Minister of Finance get all the facts out here so that we listen to them. I am sure if the Minister of Finance had more time, not just the 15 minutes we are allocated here, he could have gone into a little more detail on

private sector investment confidence by telling people about the layoffs in the private sector that have taken place in the province of Manitoba just recently.

I will put out some of the facts here to back up some of the things that the—just to fill in those spaces that the Minister of Finance conveniently forgot to add to his list. Now, right off the top, 120 people were laid off by Eaton's. There is a good example of the confidence that the private sector has in this government's ability to govern this province. Let us go through—Rice Sportswear laid off 72 people recently in this province. There is private sector confidence in showing their confidence in this government's ability to govern this country. Let us keep on going. How about Rogers Sugar? Eighty-two people laid off. Here is Manitoba Telecom Services. Here is one, when it was a publicly owned entity, it employed a lot of people in this province. It becomes a private sector entity, and what does it do? It lays off 170 people. Now that is confidence. That is the private sector showing confidence in this province's economic plan that it has set out. I am amazed, Madam Speaker, that the Minister of Finance (Mr. Stefanson) did not include that as part of the facts that he was talking about.

The CPR Weston Shops laid off 275 people. Richardson Greenshields laid off 200 people; Dairyworld 22 people; Manulife Financial, 300 people laid off. There is the confidence that the Minister of Finance did not have time in his 15-minute speech to bring up. I am sure he would have if we had given him leave to continue on and talk about the whole story, all the facts, not just some of the facts that the minister is pretty good at throwing out there for people, but all the facts, the whole story.

London Life laid off five people; the CN at Transcona, 350 layoffs; Dylex, 316 layoffs; Beaver Lumber, 200 layoffs. I mean there is a lot more on this list that I could go through, but the point that I want to make is that the Minister of Finance should not stand here and tell the people of Manitoba that the opposition is simply opposing for the sake of opposing just because we are in the opposition, but there are some facts out there that the Minister of Finance needs to think about. He should not just give part of the story. He should not give part of the comments that the

member for Crescentwood (Mr. Sale) made. He should learn to tell the whole story and tell everybody what the facts are, not just some of the facts.

Housing starts—I think the minister would probably agree that that is another way that the economy is gauged. In 1987, on the minister's list—and the minister will not mind me putting these out for public debate, putting out into the public the facts, as he refers to them—there were 8,174 housing starts. In 1989, once this government came along, that fell to 3,147 housing starts. In 1995, there were 1,963 housing starts. The minister did not tell us that. The minister did not tell us all those facts. The minister told some of the facts that he would like us to hear. He would like some of the facts to be thrown out there for people to debate but let us try all the facts. There has been a tremendous drop in housing starts in this province, and the minister knows that, the government knows that. Let us deal with all the facts, not just some of them.

Madam Speaker, another fact that the minister throws out there, he says he wants to talk about the whole story so he throws out all the facts on export. Well, why does he not throw out some facts on imports? One good way to gauge the economic health of the province is to compare your exports to imports and see if you do have a positive or negative balance of trade. Well, the fact is that our imports outstrip our exports, which gives us a negative balance of pay. It gives us a negative balance of payment, negative balance of trade. Why does the minister not tell us the whole story when he talks about exports and imports? Why would he not do that? Because it does not fit into his argument. It does not fit into his sunny, rosy plan for the province. It does not fit into the 18th Century view that this government takes in economics. It does not fit into that Margaret Thatcher, John Major, Ronald Reagan, Brian Mulroney, Jean Chretien style of government when it comes to the economy. It is outdated. It does not work. It is policies that have failed in the past. The trickle-down theory did not work elsewhere; it is not going to work in this province. It does not produce a fairer distribution of wealth, and do you know what? It does not even create wealth to begin with to be distributed. So I would wish that the government would steer away from just telling some of the facts. Tell us the whole picture and provide us with some kind of definition of what it means by a full-time job, what we are

experiencing out there in the real world, not just a statistical world of the Department of Finance.

What we are experiencing in Manitoba's society right now is a situation where full-time jobs are becoming very scarce and some part-time jobs are being created. Now the obvious difference there is that a full-time job is a lot better for the economy than a part-time job. That is a fact I think the Minister of Finance would recognize. It is a lot better for the person who actually is going out and getting the work, you get some benefits. It is easy for the wealthy of the country to put bread and food on the table, but there are a lot of poor people out there who cannot survive on part-time jobs that this government is bragging up. We need full-time employment. We need a strategy from this government. We need a strategy from this government to bring in full-time jobs rather than all those part-time jobs that they keep pointing to.

The policies of this government have not worked in the past. I would suggest that no matter how much spin

this government puts on all of the facts that it puts out, that they are not going to convince people that this economy is steamrolling along, as the spin doctors would say, on behalf of this provincial government, the spin doctors actually that this government employs to get its message out, a somewhat warped message that differs greatly from what is reality out there in the province of Manitoba. I would suggest that one of the very few areas of growth under this government is actually the number of spin doctors that they have hired on to take their message and spin it out to the people of Manitoba.

Madam Speaker: Order, please. When this matter is again before the House, the honourable member for Dauphin (Mr. Struthers) will have seven minutes remaining.

The hour being 6 p.m., this House is adjourned and stands adjourned until 10 a.m. tomorrow (Thursday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Wednesday, May 14, 1997

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