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of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS
(HANSARD)**

40 Elizabeth II

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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

LIB - Liberal; ND - New Democrat; PC - Progressive Conservative

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LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, July 22, 1991

The House met at 8 p.m.

CONCURRENT COMMITTEES OF SUPPLY

SUPPLY—FAMILY SERVICES

The Acting Chairman (Jack Reimer): Will the Committee of Supply please come to order. This evening the section of the Committee of Supply meeting in Room 255 will resume consideration of Estimates of the Department of Family Services. When the committee last sat, we had been considering item 1.(b) Executive Support: (1) Salaries \$379,300, on page 57 of the Estimates book. Shall the item pass?

Mr. Reg Alcock (Osborne): Mr. Acting Chairman, I would just like to pick up from where we left off at six o'clock. On the information that the department used to determine the cost levels that were eventually accepted as the guideline upon which the funding changes were made, I believe the minister said that the working group had provided detailed costings of the cost of operations. Yet that seems to be at variance with the understanding of the information that was worked on by the working group. I am wondering if the minister could just clarify that.

Hon. Harold Gillehammer (Minister of Family Services): Mr. Acting Chairman, I said that the figures arrived at on the daily cost of care and the annual cost of care were figures that the department worked out, and some of the input into that decision making was information that was brought forward by the working group. Given that information and other information that the child care office has, based on their experience with the system and with the subsidies and the grants and the costs involved, they determined what is called a daily cost of care.

On that basis we have factored in the government grant, the optional fee, the parent fee, and have from that shown and discussed with centres and homes how they access that daily cost of care. In some cases it will be by subsidy, and in other cases along with the government grant. In other cases where the family is accessing the daycare, because of family income, they are required to pay a portion of that in the parent fee. So this was part of the

exercise that was involved with the study of daycare and the information brought forward by the various groups and compiled by the department. As a result, we now have some figures which reflect through the operation of the homes and the centres what can be called a daily cost of care.

Mr. Alcock: That cost of care is reflective of actual operating figures brought forward by centres or reflective of figures that were worked on but were provided by Treasury Board?

* (2005)

Mr. Gillehammer: This was data from a variety of sources including the centres. Recognize that the cost of operating a centre will vary and that there are centres that have different staffing components. There are centres that, because of their thinking, want to supply service above and beyond others and, as a result, will have different staffing patterns. The input into the ability to arrive at a daily cost of care was from varied sources.

You can appreciate that a number of people and a number of organizations had input on this and the daycare office compiled this information and the costs that centres had in their operation and worked out this figure. I am not aware that those figures have been challenged by daycare home operators or daycare boards in the centres.

It has been, I believe, accepted as being reasonably accurate. The member will appreciate that it is probably not as scientifically correct as some figures that you may arrive in different circumstances. Given the best information available and the information brought forward by the various sources, these were the figures that were brought forward to identify that daily cost of care and an annual cost of care. From my information, these have been accepted by the homes and the centres.

Mr. Alcock: The information that has come to me is somewhat in at variance with that, in that it is suggested the data that was used by the working group was not supplied by the centres but was supplied by Treasury Board and the department. That is one of the reasons why they have gotten into this problem. It is that when you are talking about a cost of care, you are not talking about a true cost of

care. You are talking about a figure that the department, with or without the assistance of Treasury Board, has determined is the cost of care and is more related to the amount of support that is available as opposed to some actual accounting of the cost of operating a centre.

Mr. Gilleshammer: I would repeat for the member that the department and the Child Day Care Branch arrived at these figures by looking at all aspects of the daycare system and gathered input from a variety of sources. I am not aware that any of the daycare centres or daycare homes have challenged the figure that has been arrived at.

If what the member is saying in his analysis, that the cost of care is higher, I would be surprised, but we would be prepared to receive information from the centres and have daycare staff work with them to analyze their figures, and I think the member is aware that the centres do have different costs, that they are not identical. What we have taken is averages. We looked at samples of different budgets of different centres, and based on the average of their actual expenditures, we have come to that figure.

I, again, would repeat that the various centres will have costs related to the rental of property, that, in some areas of the city and some areas of the province, the property they are renting will be of less value than in other areas.

* (2010)

I think staffing—and we have acknowledged that somewhere around 80 percent of the cost of a centre is staffing costs—the variability of the staffing component will also play a factor in figuring out the cost of that particular centre. Most assuredly, the percentage of the spaces that are fully occupied with a full staff will also play a factor in this. As a result, centres, I would suggest to you, will have a different cost per space but what we have done is taken some samples and averaged them out.

Part of the management role of a board and a centre director, I would say, would be to analyze those costs and see why the costs of one centre are higher than others. Through their staffing, their rental and their other costs, they can vary those costs.

Boards have complete autonomy now as grants are not specifically earmarked for salary enhancement, and some of the other grants were there before. Boards can use as much revenue as

they choose for salaries or for any other expenditures. I know that the critic of the official opposition touched briefly on the question of salaries, and there appears to be a variety of salaries out there, not a standardized salary for directors and staff in some of the centres, and a variety of hours worked.

If you look at the number of hours worked by some, it is far more or far less than others. So one has to be careful, I suppose, in attributing annual salary figures to staff. I can assure the member that we did have input from the daycare office who brought forward representative budgets and that represents an average. So if these daily costs are at variance, we would be happy to hear from centres and talk to them about it and have a look at how their budgets are arrived at, and we will be pleased to help them in any way could.

(Mr. Marcel Laurendeau, Deputy Chairman, in the Chair)

Mr. Alcock: Mr. Deputy Chairperson, I thank the minister for that last offer. I am a little confused though in that he says that none of this has been raised with the minister, that he appears to be surprised that there would be a concern about the financial support available to centres, where I have seen several letters directly to the minister in which this very concern has been raised. Now, have circumstances changed since the time that these letters were written in this Estimates?

* (2015)

Mr. Gilleshammer: Well, let us not be talking about apples and oranges here. We are talking about the daily cost of care, and I am saying that the daily cost of care that has been enunciated by the daycare office to my knowledge has not been challenged as being inaccurate, that the working group and the daycare community were privy to the information on the daily cost of care. So let us not confuse that with centres who have indicated that there may be a shortfall in their revenue.

I recognize that we have had representation, letters and comments on the feeling that centres are expecting in some cases that there may be a shortfall. I have also talked to centre directors who have a waiting list to get in those centres and have indicated that they did not see a major impact in the short run and were prepared to reserve comment until they had some longer term experience. So I say to the member, we are talking about two

different things here, that centres that have been funded on the basis of spaces, and in some cases spaces that were not occupied, may have to make some adjustments if those spaces remain unoccupied and they are staffed at a maximum level. On the daily cost of care, I am not aware and I believe staff have confirmed that the daycare community, the daycare homes and the centres have not challenged the daily cost of care that has been arrived at.

We have indicated in the previous answer, and I would indicate again, that if people want to come forward and say that those figures are wrong we are prepared to work with organizations, and we indicated there were a number of organizations who may comment regarding the daycare community. If these groups come forward and say, we think the daily cost of care is too low or too high, we would be prepared to look at additional data and adjust those figures in succeeding years. But I would indicate, if the daily cost of care is too high and it has to be lowered, it does lower the parent fee but it also lowers the income for centres. If the daily cost of care is perceived to be too low and should be raised, then that impacts on the grants, as well as the parent fee, as well as the subsidies. It is a complex setup but we have not been challenged on the figure that we are using for daily cost of care.

Mr. Alcock: Rather than belabour that particular question, I will take that back to those who have been writing expressing concern about the financial support available under the new funding system and translating previously sustainable centres into the ones that are now running deficits.

There seems to be some difference of opinion between those who served on the working group and the minister's department about what information was used to what purposes. The information the minister has put on the record before supper and now seems to be at variance with the experience of people who were involved in this very process, but the minister has opened the door and said that he will hear from people in centres that are having these difficulties and will see if adjustments are warranted. We may come back to that, but I need to give them some time to respond to it.

Let me ask a question though about the amount of money that is available here. When you roll grants and financial assistance together, and you take what was a grant and you now translate it into a fee, can the minister give us the '90-91 budget

figure for the salary enhancement grants and the figure that was used in determining the budget for this new structure in '91-92?

* (2020)

Mr. Gilleshammer: The recommendation of the working group was to combine this myriad of grants and the—I am not exactly clear on what the member is looking for. We have reduced the amount in the grants and subsequently have increased the amount of subsidy, but I can give you some figures.

For a preschool centre space, the grant was \$6.78, and under the new system the grant is \$4.60. For an infant centre space, the grant was \$14.88 and is now \$6.80. For a school-age centre space, the government grant was \$3.72 and is now \$3. The preschool home space, the government grant was 75 cents in the previous system, and it continues to be 75 cents in the new system. The infant home space, the grant was \$3.05 in the old system, and now it is \$2.20. The school age home space was 75 cents and it continues to be 75 cents. So there has been, in most cases, a decrease in the government grant and an increase in the parent fee.

Mr. Alcock: In the previous system though there was a method, the salary enhancement grant, whereby they protected a certain amount of the resources that were available to a centre. The policy now is not to protect that funding. Would that be a fair statement?

Mr. Gilleshammer: The previous system had quite a list of grants, and the recommendation was that these be combined into one operating grant, so under the previous system the grants were identified. There was a maintenance grant, an audit grant, a salary enhancement grant, an infant grant and, I believe, some others. These now have been combined into one operating grant.

If the member is saying that they were identified as certain items before, the answer is yes, that they were earmarked for certain specific items. By their very name, an audit grant or a salary enhancement grant was earmarked for those specific things. So those four or five grants, in a restructured system, have been lumped into one operating grant. We did separate out the start-up grant which still exists.

As well, there are grants for children with disabilities or special needs and there are some other grants as well, but the existing grant system then was rolled into one operating grant. Now the operating grant, of course, is reduced because the

parent fee has been increased and also the subsidies have been increased.

Mr. Alcock: The salary enhancement grant did exist up until this change. Can the minister tell us the size, the total amount of money that was allocated to salary enhancement grants in '90-91 and in the first quarter of this fiscal year?

Mr. Gilleshammer: On an annual basis, the salary enhancement grant was \$4,350.

* (2025)

Mr. Alcock: What did that translate to province-wide? What is the total amount of money for salary enhancement grants allocated in the '90-91 budget?

Mr. Gilleshammer: I am not sure if we have that with us here. Some of this information would be more readily available under that line in the budget where we had staff here to identify it, but apparently we do not have that. Per individual, the salary enhancement grant was \$4,350.

Mr. Alcock: Well, the province has to be assured that information will be forthcoming.

Mr. Gilleshammer: The staff indicate that we can have the figure for you tomorrow.

Mr. Alcock: Now, if I understood the minister correctly, when he was answering the question about the timing of the announcement, it was because there was a desire to get the new system in place, effective in the second quarter of this fiscal year so that the old funding system was in place in the first quarter of this fiscal year.

Mr. Gilleshammer: There were a number of reasons for the timing of it, but your conclusion about the funding is correct. The first quarter of the year, we operated under the old system, and just recently, the second quarter, we are shifting to the restructured system in July of 1991.

Mr. Alcock: So then, would some portion of salary enhancement grants, like one-quarter of a year's worth of salary enhancement grants, be made available?

Mr. Gilleshammer: Yes, funding flowed in the first quarter based on the old system, and salary enhancement grants were part of that, so about a quarter of the salary enhancement grant was flowed in the first quarter.

Mr. Alcock: How much was that?

Mr. Gilleshammer: The figure I gave you was \$4,350, so it would be a quarter of that—you are looking for the total?

Mr. Alcock: No, that will do.

Mr. Gilleshammer: Okay, so it would be a quarter of that figure that I gave you, somewhere around, just short of \$1,100.

Mr. Alcock: With no increase factored in.

Mr. Gilleshammer: That was the figure we used, \$4,350.

Mr. Alcock: The minister said, if I understood his earlier comments correctly, that they have created a system—you have now created a system that is funded to meet existing standards, and the minister is confident that any daycare operating in this province with this funding can operate in accordance with the current standards?

* (2030)

Mr. Gilleshammer: If you are referring specifically to centres, they are able to meet the standards and regulations that have been in place which are recognized to be the highest in North America. We have not changed those standards and regulations, and the restructured system will give them the ability to increase their revenue by two percent, but this is based on having the centre full and also staffing to regulation.

Some centres, as the critic from the official opposition indicated earlier today, are staffed over and above those regulations, provide enhanced services, and, as a result, their costs may well be higher. Those are management decisions that boards and executive directors have to make.

I can recall meeting with an executive director—or a director of a centre that was in my office with another group and was willing to talk about the restructuring program where they had, I believe, four special needs children and a total of 40 children—or 48 children, if I recall in that centre—but they also had a waiting list. They do have extra staffing over and above the regulations, but she felt that they would be able to cope with the restructuring and saw no great impact in the short run but was waiting to see what the long-run trends were and felt maybe two years from now may have a different opinion.

I also looked at some data on a centre that somebody raised—I do not know whether it was in the House or elsewhere—and that particular centre was indicating it was going to have some difficulty

with the restructured system and was going to be dipping into surplus to cover some of the costs that they felt there would be a shortfall for, but they had a fair number of vacancies. In the old system, it appears to me, that centres were funded to some extent whether the position in the centre was full or not. If they had been running with a 25 percent vacancy rate and a full complement of staff, as if the centre was full, they were probably going to be in a position where they would have to make some adjustments.

Mr. Alcock: There is an interesting dilemma that arises here and it is not unlike the dilemma that has arisen in other forms of care where you are staffing to meet a certain standard, and if your occupancy falls, particularly on a 100 percent occupancy funding system, if your occupancy falls even marginally below the funded level that they can put you exactly in the dilemma that you are in.

Now there are two questions, it seems, one is: Is the centre simply in an area where the demand has dropped off and those spaces would be better allocated someplace else? Perhaps it is a sign that the centre is not viable, or it may be attributable to any one of a number of cases—some short-term turnover in the population being served, et cetera. If the centre occupancy for a very short period of time falls below the maximum level and the—I think what I hear the minister saying is that the centre should be laying off staff or bringing on staff as they are needed. This presumes a pool of trained staff that are sitting out there waiting to be rehired at these centres.

It just strikes me that there is dilemma here because there will be in the short run in any organization that is providing care like this, there will be times when they will have unoccupied spaces. If the centre is viable, hopefully, it will be for a very short period of time, but this concept that you can get rid of trained staff and then re-acquire them, much as one would with some other form of commodity, I think is fallacious. People who have the training and ability will simply move on to where there is greater stability. So you tend to undermine your own standards by the very policy that you are bringing in.

I am wondering how the minister proposes to do the two things: provide stability and quality in the staffing in the centres and enforce this policy that seems to run counter to that. I guess the question is, on a policy sense, is there a threshold point? I

mean, what is the trade off, where you begin to move from that short-term consideration that this is simply reflective of an all-business of a centre? This is indicative of other problems where the centre should be downsizing. How do you make that decision?

Mr. Gilleshammer: I might just point out that we do pay a full subsidy for 75 percent or greater of attendance. It is not on a daily attendance. There is some leniency within that. Also, if the attendance is below 75 percent, we will pay the amount owing for the actual attendance, and respective of other jurisdictions, that is quite a lenient treatment of the attendance. You know, in the bigger picture, and the way the member has phrased the preamble to the question and the question itself is that, yes, I think centres have to be aware of what is happening within their particular jurisdiction.

It is not unlike, I think, what school divisions go through in the city where they have to look at enrollment and project staffing patterns, and, in some cases, project the closure of schools. I am sure the member knows more about it than I do, but I recall the Winnipeg No. 1 division in their public meetings struggling with whether to keep a school open or close a school and where to transfer students.

I heard comment on the St. James school division closing eight or 10 schools in part of St. James through the 1980s as population shifted from a particular part of the city, and I recall talking to somebody who taught in St. James Collegiate where, I believe he said, the enrollment was 1,400 and over a matter of years went down to 600. Obviously decisions about staffing had to be made and also, I think, the board made decisions about whether to change the grade levels in that particular school.

I can tell you from first-hand experience, when I first became a principal in Minnedosa Collegiate in 1972, we had a student enrollment of about 400, and some 15 years later, the enrollment was just down over 200. That is a decision that the board struggled with and in the rural areas continues to struggle with. As we have had a population decline in rural Manitoba, as everyone is aware, there is a debate not only whether to reduce staff, but to close schools. There has been that issue around this spring as school boards are charged with making very, very difficult decisions, and they all have to make decisions about staffing levels as enrollment goes up and down.

* (2040)

I say to you that centres are in somewhat the same position. If, in a particular area of the city that a centre serves, the population is growing older and there are fewer children to access the centre, they may have to make those staffing adjustments and downsize, and over the course of time there may be centres that close and others that reopen.

In the time that I have been minister, I know that I have signed many letters with start-up grants for new daycare homes, and I know there have been new centres opened. I believe we accommodate something like 17,000 to 18,000 spaces in the province at this time, and one has to ask oneself from time to time how many more of these start-up grants are we going to be proceeding with? When does the system reach a point where there are enough spaces to accommodate the children and the parents who are looking for this type of service? We know that throughout the 1980s there have been fewer and fewer children coming into the school system, and I suspect it means there are fewer children that need to access daycare. So it is a delicate balance here.

Before a centre might want to open, the proponents would have to survey the market, see what other services are available and then make a decision not only on whether to open, or not to open, but at what level. Many of those centres accommodate up to 40 children and more, and again they would have to do a market survey to see whether there is a need there.

So the operation of daycare centres does, no question, take some business acumen on the part of the board and the daycare, that centre director. From the department's point of view, we have tried to be reasonably lenient in that full subsidies are paid for children whose attendance is 75 percent or more. I think part of the responsibility of the director and the centre is to have some sense of the manner in which enrollment will fluctuate from time to time and make their decisions on that basis.

Mr. Alcock: It is an interesting question because the minister poses or uses as an example the declining birth rate and the declining number of—the pressure that is placed on school divisions in different areas. Although I am not certain that the gross number has dropped dramatically, it implies that we were meeting the demand.

Like in the school divisions, because of the way legislation is structured, there is a sense of how many kids will require school in a given year, and the distribution of available spaces may not be adequate for the distribution of the population or we may have an oversupply in some areas and undersupply in others, but that presupposes that the original supply met demand.

I am not certain that has ever been the case in daycare, or perhaps I simply misunderstand the position the department has taken on this. Is the minister saying that the current number of spaces is adequate to meet the current demand for daycare?

Mr. Gilleshammer: Mr. Deputy Chairman, that depends on what criteria you place on the supply and demand. We know that we have got centres with vacancies; we know we have got centres with waiting lists, and it is not just a question of directing those people from a waiting list at one centre to a vacancy at another, because there are so many other factors that come into play.

We are licensing more homes, and these tend maybe to spring up more readily to meet a need in a certain geographic area, but the daycare office I believe will direct people to places where they know there are vacancies, and again, parents will have to make a decision on the type of child care they want.

The workplace daycare, reports I have are that this tends to be very suitable for many people. I recall being at the annual meeting at 1010 Sinclair, along with one of the members of the official opposition. We were talking to the director of 1010 Sinclair, and he expressed to me the convenience that he saw in having a workplace daycare in their facility.

There are others where they are in the development stage where there are substantial vacancies. I think I got information on one that was licensed for 40 children but only had 19 children there. It is, I suppose, a matter of the point they are in, in the evolution of the centre, hopefully, or else they are going to have to make those adjustments because, with only half the population, they would not need the full complement of staff for 40 spaces.

We are trying to develop a measurement that can be used to determine demand. Again, this is a complex issue and we are developing a needs assessment.

While we are on that, I might just mention the rural daycare where the member for Swan River (Ms.

Wowchuk) has brought to my attention the need for rural daycare. I accept the premise that there are times of the year in the rural area, particularly with farm families at seeding time, where most members of the family are involved in the seeding. It often has to be something that is accomplished before too far into the month of May, and if weather conditions have been such, or if there are other conditions which have delayed that, those people will work very, very long hours to do their seeding and require, in some cases, daycare to be able to have the comfort that their children are being taken care of and that they can seed with long, long days to get the job done.

By the same token when harvest time comes, sometimes the farm families are on the land at six and seven in the morning, or getting ready to do their harvest, and a number of combines running, a number of truck drivers and somebody who is taking supplies to the field and so forth, it is certainly more convenient for them if they have the comfort that their child is being well taken care of.

* (2050)

Historically, farm families have relied on the extended families, on the grandparents, on the neighbours, are very independent people who tend to solve their own problems and have relied on that good nature of extended family and neighbours to provide that service for them. In recent years we are seeing a demand by our country cousins to have the same sort of service available that is available in the centres on a full-time basis in the urban areas.

There are some interesting experiments going on. I believe there is one in Langruth, Manitoba, where a centre that is flexible in terms of hours in accommodating farm families and others is being tried. Recently we received a report from I think an adjunct of the Women's Institute whereby they did a—it was the Federated Women's Institute of Canada. The person who presented this report to me in person is a constituent of mine who is well known to some members of the opposition. This cross-country survey found that the greatest number of users of licensed facilities were in Manitoba, where 63 percent of respondents said they used the available services regularly.

Rural child care services include daycare centres providing extended-hour care, family care homes, and child minders where care givers go into a home of families for irregular or overnight care. More and

more, it is not just the farm families that need this service in rural areas, but people who work in the health care institutions, where they are on the job at off hours, are looking for the type of care that can be provided. Again, I say to you that rural families have been very patient and very independent in working out their own resources to get the child care that they want, and while they are asking that we look at some flexible daycare, I think they recognize, too, the economic viability sometimes of the rural daycare centres is not there.

There are other examples where there is evening, overnight and weekend service that is flexible in the rural areas. I mention the Langruth experience. It is called the Lakeview Children's Centre. It has 18 spaces, and it is open in the daytime up to 10:30 p.m. at night. That does allow a certain degree of flexibility for the farm families even though, if the weather is good and it is dry conditions, sometimes those combines will run till two or three o'clock in the morning and, again, these people have to be resourceful in finding the care for their children that is available.

There is also one in Brandon called the Brandon Kids Centre, which has 70 spaces and is open in the evenings and on Saturdays. In Portage la Prairie, there is one called the Westend Day Care Centre, which has 19 spaces, and it is open for evening care until twelve midnight. Here, in the city of Winnipeg, there are four daycare centres that are open in the evenings, one of them overnight and on weekends. It is the Child Care by Sandi & Associates, and it has 10 spaces. So the flexibility is difficult, and the centres that I have indicated, three in rural Manitoba and four in the city, make up some 183 spaces.

While I am optimistic that the ones here in the city and the city of Brandon have some chance of success, it is the ones in the rural area that are difficult to see being viable on a 12-month basis because there are a couple of times of the year where the people wanting to access it particularly need that type of service. So the department will continue to work with groups that want to provide that service. The establishment of centres, in particular, is difficult because there you have to have staff and you have to have flexibility of staff, and often, you know, people looking for full-time work just are not available on a part-time basis.

The other component in the off hours, as far as daycare is concerned, is the family daycare homes. We have quite a number of them in Winnipeg and

Brandon, Thompson, The Pas, Morden and a couple in my constituency that I am aware of, in Strathclair, Rapid City and other parts of Manitoba, some 74 spaces. These people provide overnight service and evening service, and probably in the rural area, are a more achievable way of providing care for children. So it is a complex problem, and in many cases, the community will respond to those needs, but I say to you, it is easier to do in the daycare homes than it is in the centres because the start-up costs and the maintenance costs of running a centre are greater. We have not resolved that yet.

I know the member for Swan River (Ms. Wowchuk) who has raised it at least once, maybe twice, in questions about daycare is no doubt pleased that we are pursuing that because I am sure that, in the Swan River valley and in other areas, this is a question that is raised from time to time.

I tell you, if there are solutions that come forward from those areas—we are very interested in the Langruth experience, but if there are others that are coming forward in her area, we would be pleased to hear of them. Maybe there are possibilities that what works in one area of the province would work in another. I know she will keep us apprised of that to see if we can learn from the experience of others.

Mr. Alcock: I thank the minister for that rather complete review of the problem. There were two things in his statements that did raise questions for me, but I would like first just to ask him specifically—he references waiting lists and vacancies. Can he tell us how many there are on a waiting list at any particular time, and how many vacancies on average do we have in centres?

The third thing, just so I can get the list up there and give him another half hour to chat is, given his belief that daycare homes are easier to manage in this way, does this reflect a policy change? Is there a movement toward more daycare homes and fewer centres, or is it simply identifying the problem that exists because of the larger size and stability of centres?

* (2100)

Mr. Gilleshammer: Staff is getting some information together on vacancies and waiting lists, his first two questions. I will address the third one. I am saying to the member that in rural areas where families are looking for daycare services that are required outside of the working day, in small communities it is easier for a daycare home that

would accommodate two or three children to spring up to answer the need for that service. There are communities out there that have very, very few children in them.

I can think of four or five communities in Rolling River School Division that have schools with three, four and five children in kindergarten. That is reflective of the number of children in that area. It just does not make economic sense to open up a daycare centre with so few children to draw from, and then, of course, all of those children are not going to be requiring the services of a daycare.

I would not read any more into that answer than that. It is just that in small communities, sometimes smaller is easier to access, and the costs are not there for 260 days of the year, whereas, if you set up a centre, then your costs are fixed in some cases, and it just makes them not economically viable.

The member also asked about vacancies and waiting lists. I will read into the record some of the information the member is looking for, and I will do this by region because it does vary from region to region.

In the city of Winnipeg, there are 7,053 spaces in centres. Of those 7,000-plus spaces, 6,111 are actually filled, so we do have some vacancies, nearly 1,000 in the licensed spaces in the city of Winnipeg. We have in Winnipeg, 711 spaces in daycare homes, and these are filled by 590 children. -(interjection)- Yes, I will maybe get the mike a little closer and you can hear me.

In the city of Winnipeg—you got the numbers for the centres? Okay, the homes—there are 711 licensed spaces, and 590 of those are being utilized, so there are 121 licensed spaces that are currently empty. In the Westman area, there are 862 licensed centre spaces, and 670 of those are currently being utilized. There are 562 licensed home spaces, and 455 of those are being utilized. In Eastman, there are 606 licensed centre spaces, and 397 of those are utilized. In Eastman, there are 51 licensed home spaces with 34 children in them. In Central, there 523 licensed centre spaces with 385 children. There are 169 licensed home spaces with 132 children occupying them. In the Interlake, we have 402 licensed centre spaces with 228 children. We have 130 licensed daycare home spaces with 98 children in them.

So you can see that the trend is that there are empty licensed spaces. In the Parkland, there are

283 centre spaces with 192 children. There are 55 licensed home spaces with 47 children in them. In Norman, there are 210 centre spaces with 189 children. There are 76 licensed home spaces with 60 children. In Thompson, there are 398 centre spaces with 310 children in them. There are 40 licensed home spaces with 31 children in them. So that is a snapshot of the province. Out of those 10,337 centre spaces, there are 8,485 children. In the licensed daycare homes with 1,794 spaces, there are 1,449 children.

These are the funded spaces only, but in all cases, there is a vacancy rate, so if you are wanting to open a daycare home, I think you have to be aware of the number of licensed spaces and the number of children who are being accommodated, the number of vacancies. Again, I say it is easier probably for somebody opening a licensed daycare home in that you are looking for a smaller group of children, three or four children.

If you are opening a centre, it becomes a major decision. I think one has to be aware of the other centres that surround it, the pool of children that need to or want to be accommodated and the vacancy rate in that general area.

Now there are centres of course that have a waiting list. From my analysis these are centres that are providing, in some cases, specialized service. These are centres that perhaps have established a sterling reputation for the care of high-needs children. They may be centres which have just a reputation for excellence and people want to have their children there. It may be centres that are geographically located that is in a region of the city where there are a number of young children and young families.

There are many, many factors that go into the decision making before one opens a licensed home or a licensed centre. I am pleased to say the daycare staff are willing and able to meet with individuals and to meet with groups who want to start either a licensed home or a licensed centre. Particularly with the centre it becomes quite a business decision. I believe that some testing of the market has to take place to establish that there is an unmet demand there. Before one rents space and starts to hire staff and buy equipment, one would have to be fairly sure that it is viable.

You can see from the number of licensed spaces and the number of vacancies, in all areas of the

province, whether it is the city of Winnipeg or the outlying areas, there tends to be vacancies that people can access.

I did not give you the information on the waiting lists. We have some waiting lists—I have them broken down into Winnipeg and non-Winnipeg. Let me just check here to be sure I understand this. We have some information in the city where we have centres that some are wanting to expand, some are proposed centres, some are currently operating and they are underfunded; some are operating and they are partially funded. There are 30 centres that would like to expand. There are seven proposed new centres. There is one operating currently that is unfunded. There are 17 in operation that are partially funded. Those are all in the city of Winnipeg. Outside of Winnipeg, there are 14 centres that are seeking to expand. There are six proposed centres that wish to get up and running. There are four that are operating partially funded. There are centres that are wanting to get licences or extend their licences to get more children involved.

* (2110)

I can break down that rural component for you a little more. In the Eastman area, there are three groups with a total of 36 spaces that are on the waiting list. In the Interlake, there are three groups with 107 spaces that are on the daycare waiting list. In the Westman area, there are four groups, a total of 37 spaces that are on the waiting list. In the Parkland Region, there are five groups with a total of 34 spaces that are waiting. In Thompson, there are three groups with an additional 80 spaces that are on the waiting list. In Central, there are three groups with a total of 34 spaces who are waiting. In Norman, there is one group with a total of 30 spaces that are waiting to be licensed.

We have, I suppose, a dilemma in some ways that we have some 18,000 licensed spaces now. I gave you figures before showing the vacancy rates, and we have others who want to start up. I think the member also wanted some detail on existing centres who have waiting lists. We do not have that information with us. In fact, that information is kept by the centres themselves. We do know of the ones that have vacancies, but the waiting list is something that I think they keep themselves and perhaps do not share it that widely.

Mr. Deputy Chairman: I am going to ask the guidance of the committee at this time. Seeing as we will more than likely be recessing at one o'clock, I am hoping that possibly the committee could tell me which areas we are going to be touching on this evening so that we could possibly send some of the staff home.

It is no sense keeping all of them here until one o'clock if we are not going to hear them. I am asking if you could give me some advice on where you want to go from here.

Mr. Alcock: Well, from my perspective, in any event, I appreciate the minister's willingness to be fairly wide ranging in the discussion. I would be prepared to concentrate on Day Care and Family Services this evening and to move on to Income Security and Regional Services tomorrow. If that is agreeable to the other critic, then we could certainly split it that way, and the other staff could go home and have a good sleep and say their prayers.

Ms. Becky Barrett (Wellington): Yes, I would agree with the member for Osborne, those are the two areas I would like to concentrate on tonight, with the proviso that there is no guarantee. I would suggest there is not a guarantee that we will finish everything by one o'clock, particularly given the extensiveness and expansiveness of the minister's comments.

Mr. Deputy Chairman: No, I just wanted to get clearance. If we know they will carry us until at least then, they can still come back tomorrow, but let us see that everybody else can go home tonight.

The honourable minister, are you in agreement?

Mr. Gilleshammer: Well, I just was judging from the member's comments that we may well be on Day Care until one o'clock and then the—

Ms. Barrett: No, I did not say that.

Mr. Gilleshammer: Oh, I am sorry. Okay, so we have agreement that we will deal with Day Care and Family Services this evening, and then start on the other areas of the department when we meet tomorrow?

Mr. Deputy Chairman: Possibly, but we might still have some of this left tomorrow, but the extra staff can go for tonight if you want.

Mr. Gilleshammer: Okay, and because we are not going line by line, I would say if we get into some technical stuff—we do not have a lot of staff because we thought we would be proceeding through the

budget in a lock-step fashion as we usually do. We can, I suppose, take the question as notice, and when staff are available tomorrow or whenever, we can get you the answer.

Mr. Deputy Chairman: Are we in agreement then? Agreed. Carry on.

Mr. Alcock: One of the things that was done, I guess it would be some years ago now, was an attempt to quantify the overall level of demand for service. In reading off demand, the minister really spoke about demand for new spaces, that it was the agencies coming forward with a desire to open that gave him his sense of the vacancies and the demand for service.

There was an attempt, as I recall, to assign a number to that. Granted, that is at best an estimate, but at one time there was an attempt to say what the overall level of demand was, what size the system would have to get to in order to satisfy existing demand.

I am wondering if the minister can refresh my memory as to what number of spaces that was at the time the study was done, and what that number would be today.

Mr. Gilleshammer: I wonder if you could help us out by giving us a little more detail of that study. I am not sure that I am aware of—I do not believe we have done a study in the last year. Is this back in the 1970s or '80s?

Mr. Alcock: I feel like I am on Front Page Challenge. No, it was more recent than the '70s. In fact, it was, I believe, between about '86 and the current time where there was an attempt to determine—because the question has always been, how many spaces do we need in order to satisfy the general demand in the community, particularly in light of the kind of comments the minister has made about decreasing demand for services in other areas that involve children.

I mean, one of the debates always was, how do you determine what the overall level of demand is, what the overall size of the system should be? If it is unfair to ask the question about an old examination, my question would be, do you have a sense of how large the system would have to grow to meet existing demand?

(Mr. Bob Rose, Acting Chairman, in the Chair)

Mr. Gilleshammer: We are just having a little trouble referencing the study the member is

referring to, but perhaps we can get some more information on that.

Part and parcel of the normal business of the daycare office is to assess the applications and to assess the viability of opening more centres in specific areas. I daresay that the licensing is done with some regard, particularly under the old system, to the ability of government to take on new responsibilities. I am not just sure what the numbers are for the new spaces over the last year, but I know that there have been some centres that have opened, and in terms of numbers, probably more daycare homes that have been opened—and again that reflects the financial resources and the human resources that are required to open daycare homes—and by far and away from the numbers I gave you, most of the licensed spaces are in centres.

* (2120)

I could maybe provide you with some information on the expansion to funded daycare spaces approved by the end of March of '91. In Winnipeg, I believe some of these are new and some are expansion, but we have a total of 260 additional licensed spaces, and this is in the 1990-91 year, and these are funded daycare spaces. In the rural area, there were three new centres with a total of 77 new spaces, and that gives us in the system an increase of 337 funded centre spaces.

Now, in terms of family daycare homes, in Winnipeg there are an additional 56 funded spaces and in rural Manitoba, an additional 84 funded spaces, for a total of 140 home spaces. It gives us a provincial total of 477 new spaces in both the funded daycare spaces and funded daycare homes. Again, the department will work with interested individuals and groups in working with them to make a determination of the viability of the homes and centres and to advise them and to license them.

The licensing is a very important aspect of the work that the daycare branch does, and in many cases I believe that individual homes and centres rely to some extent on the ability of the daycare office to give them the appropriate information which really launches them into a business and tries to make them as familiar as possible with the day-to-day work which is part and parcel of running a centre and to give them the advice and, in some cases, encouragement to get the centre up and

running, and when we do that it is our desire that it does become viable.

It is interesting to note that of the 477 spaces, by far and away the majority of them were in centres. In the rural areas it appears that it is probably easier to open a daycare home, and again it is because of the financial viability of it as compared to a rural centre. The rural centres are often in what could be called the bedroom communities surrounding Winnipeg where population is growing. There are areas of the province, many areas in rural Manitoba, where population is not growing. It is an extremely difficult decision to open a daycare centre in those areas. Again, there is far less risk in developing a daycare home and far less expense in terms of the start-up grant that is given. In all cases I reiterate that the department works co-operatively with interested parties to show them the ropes, to provide them with the information and to work with them in the process.

It is an ongoing evaluation of existing spaces and new spaces that goes on with the department. We are in the process of developing a needs assessment tool at the current time so we have more comfort when we give that advice that it is accurate. I think all individuals opening either a home or a centre want to have some comfort that they are going to be successful. Part of the responsibility of the Day Care Branch is to provide them with the most up-to-date advice and information.

Given that, the bottom line is the decision to proceed with an application for licensing lies with the individual or the proposed board. While we provide them with the appropriate advice and information to the best of our ability, the final decision is up to them. The chances of success, I suppose, are based on their understanding of the daycare system, their understanding of the community and their ability to open and operate successfully.

Mr. Alcock: Mr. Acting Chairman, again the minister is determining demand—or at least the demand push that he is referencing is one that comes out of the existing system. It is either existing centres wanting to expand or individuals coming together and wanting to open a centre in a given area in response to a perceived need. Surely the department has a better overview of the need and makes that kind of assessment when they go about determining whether or not a given centre will receive new spaces.

It is really that question. Surely the department does not determine whether or not there is a need for new service in a given area simply because a couple of people have come together and said that they wish to open a centre. Surely there is some kind of overview that says here is the number of children in a given area, here is your family and make up in a given area and based on this, when this group comes forward and says that they need it, we agree with that because we determine that there is this kind of pressure in this area and in another area there is not.

It is that number I am seeking for. It is the overview and the answer to the question, how many spaces does this province require in order to have a fully operational system?

Mr. Gilleshammer: I will try and expand on that for the member.

I have indicated that ultimately the decision to make application is the responsibility of the individual or the group wanting to provide the centre. Initially, the needs assessment is done by that individual and by that centre. They then share that information with the department. We have a number of criteria which are used to determine which organizations are funded and include some of the following.

The geographic location—if in a small community there is already a daycare centre, and it is licensed for 40 spaces and there are 10 vacancies, and there is no waiting list, and they propose a new centre; the geographic location is a major factor. Where are the children going to come from? In the city where people probably have more choice, in that it may depend on whether the centre is located near their home, it may depend on whether the centre is located near the workplace of one or both of the parents; geographical location is again a primary determinant of whether a group should open a centre or not.

Similarly, if there is an area of the city with daycare homes with licensed spaces that are empty, we have to provide that information. In the case of a home or a centre, they may have the confidence that they can provide a better service or a service that is different from what is being provided, and they would have to identify those differences and share the reason for their optimism.

So geographic location is one factor. The others are financial viability. If a group wants to open up a

daycare centre and it appears that they have no substantial financial backing to pay the rent, to purchase the equipment, to hire the staff, financial viability is a factor in determining whether they should proceed or not.

* (2130)

We look at licensing and quality care issues. We look at the availability of other services in the area. We look at the need for subsidy by parents. We look at the relative demands for spaces in other areas of the province. If there is an area of the province, for instance, that would be deemed to be underserved, and I could go back, I suppose, to those figures I read into the record some time ago where it showed the number of licence spaces and the number of vacancies there. If the vacancy rate is relatively low, it would appear that maybe that is an area of the province that would benefit from an additional centre. We are not able to meet the demand for all of the requests for licensed spaces, whether they be homes or centres, at the present time. So these and other factors are taken into consideration.

Another one is whether the centre is already operating. We have centres operating that are unfunded because they have started up and are licensed but are not receiving funding. A question comes whether we should, when we have the financial resources to do so, license them. We have to look whether there is a need for community development of daycare where no group has requested funding. I suppose it is a way of being proactive in that there may be areas of the province or areas of the city where there appears to be a need and no group to proceed with a centre.

The daycare office looks at all of these criteria and have to make decisions on which organizations are funded. We have to do that in some logical way so that we address the needs of an area of the province or the city, and we work within the financial resources that this area of the department has. So it is a complex set of circumstances and information that comes forward to the point where we make that decision.

Mr. Alcock: Mr. Acting Chairperson, what the minister is saying, though, is that the only way they have of determining demand is if somebody comes forward and says they would like to open spaces. Now he did reference that when they assessed that, if somebody comes forward and makes such a

request, that they have some criteria that they apply relative to other centres.

Let us take the kind of situation a school board is faced with when a new division is built. Part of the planning for that is to determine whether or not new school spaces are going to be required if it is a division that is being built to provide housing for young families. There will be some assessment of what this new subdivision will produce in terms of housing and what the demand will be on the school system and therefore what the demand will be for new classroom spaces, et cetera.

Is there no comparable process within daycare?

Mr. Gilleshammer: Certainly, school divisions have to make those decisions and do that study, but I would point out a fundamental difference is that it is mandatory that divisions provide for the education of children. That same mandatory compulsion is not there with daycare centres.

I know the member is very interested in this, and I want to be sure that he understands that within the boundaries of a school division, they have to make decisions about whether they transport those students or whether there is a sufficient number of children in that area to build a new school. That is a major decision. They have to also get some understanding of the grade levels that those children will encompass.

School divisions, I think, with some respect have been very anxious throughout the '70s and '80s to build new schools. As a result, they have had to close many others. As areas of a division grow older and the children disappear, you have perfectly good buildings which are essentially underutilized, in some cases, unoccupied.

The decision on busing students is a very, very emotional one. In rural Manitoba, and I am not sure if the member is familiar with busing there, we have students who spend long, long hours on the school bus. In the Swan River area, in the Roblin area, where children want to access vocational training, there are times when children in the Roblin area, for instance, are transported to Dauphin and may spend up to two hours each way on the bus. So those decisions about the building of schools are very difficult ones. With new subdivisions, school divisions are well aware that it is absolutely mandatory that they provide for education. They have to make the decision whether they bus those

children or build a new school, and it will depend on how the subdivision develops.

In daycare—and the need for daycare is not a mandatory service—it grows out of the needs of the community. We have talked about the rural areas earlier today. I suppose there is more that could be said about rural daycare, but I will leave it to another time.

In a new subdivision it is sometimes difficult to predict the age of the families that will move in there and the age of their children. The subdivision pretty much has to get established. Then, if the parents of that area deem there is a need for daycare homes or daycare centres, they will, in short order, voice that concern, and licensed home spaces or licensed centres will be proposed to the daycare office. That licensing will take place based on the criteria that we mentioned before: the financial viability, the need for subsidies in that area, the need for the development of daycare centres, the geographic location, the number of spaces nearby.

* (2140)

Again, these decisions are made by the Day Care Branch as the requests come in. Obviously, we cannot accede to all requests in that we are limited by the number of spaces that can be licensed. If we license daycare homes and daycare centres freely, without thought and without looking at these criteria, then we are not only going to put pressure on the financial resources of the department, but we are also going to put pressure on the existing homes and the existing centres, where people may decide that a centre, for instance, is offering a service that is more desirable than the service they are getting. That could throw the demand and supply of spaces out of whack. We have to be very careful that we do not do that.

A lot of criteria have to be looked at. These decisions have to be made with some thought. We rely on the experience of the daycare staff, their previous experience and their analysis of the situation before the licensing goes forward.

Mr. Alcock: In referencing—to take the minister's example—the school division having to make that decision, it is true bussing is one factor, as are a great deal of other options, open to the school board. In such a circumstance the school board does that based on some kind of forecasts. The school board has a forecast that says, this subdivision will produce X number of new students,

and they also have forecasts on this area. Another area is beginning to age, and therefore will not be producing students. They have some kind of forecast of the demand that allows them then to make those decisions.

If I am understanding the minister correctly, all he is saying, or what he is saying is that the only forecast that the department has, when it comes to daycare spaces is the demand generated by people who wish to expand existing daycares or open new. Is that correct?

Mr. Gilleshammer: Yes, there is a degree of correctness in what you say. Again I would point out to the member that the provision of public school education is mandatory, and the division must provide for the classrooms, and the educational program and the bussing for those students. That is a fundamental right they have in this province and this country.

No matter where those students live within a school division, be it rural or urban, the school board has a responsibility to provide for their education. Whether it be regular education or special needs education, at the current time, that is their responsibility. They have an obligation which they must meet, and there is just no question about it.

We do not send staff out into a new subdivision and say, you guys need a daycare out here, you need daycare spaces. I think the onus for the identifying of spaces or the licensing of spaces is based on the demand that comes forward from that area, and chances are they are accessing that service somewhere else now.

If they want to, because they have moved their residence, create spaces in their area, they can certainly approach the daycare office and indicate to us that they have a need there. In a variety of ways, daycare providers or people who are interested in getting licensed to have a daycare home will invariably come forward and apply for a licence.

If the number of children in the area is sufficient, there may well be a move to form a daycare centre. The daycare office will be well aware of the number of licensed spaces, whether they be homes or centres in the area. They may be able to direct these people to those spaces or they may well have the ability to assist the individual parents or the group if they want to identify homes or get together for the purpose of determining whether a centre is

appropriate. Again, I guess, the difference in the analogy is that education is a mandated service.

The school division is already there to provide that service. The parents simply have to phone the school division, give their address and the grade level, and they will be assigned to a school. With the daycare, this is not mandated and the daycare office would act in a facilitative way to identify existing spaces or the possibility of licensing new spaces.

Mr. Alcock: So does the department have any forecasts of how fast demand is likely to grow over the next few years. I mean, do they do any forward looking at all.

Mr. Gilleshammer: We have already indicated in the information given to the honourable member that we have a demand for spaces that are either expanded or proposed or currently operating and are unfunded or are operating and partially funding, and I can go through those figures again if the member wishes.

As of June 7th of this year, there was a total of 78 organizations requesting a total of 1,596 spaces in daycare centres. So the demand is already out there for additional licensed spaces, and we can meet that demand at only a certain rate. We are increasing the number of licensed spaces year over year, and perhaps I could get those figures for the honourable member.

In 1987-88, there were 16,050 licensed spaces. In 1988-89, there were 16,639 licensed spaces. In '89-90, there were 17,246 licensed spaces, and in 1990-91 there was a total of 18,220 licensed spaces, so there has been an increase of a number of hundreds of spaces on an annual basis, and from '89-90 to '90-91 there was an increase of almost 1,000 spaces, so the increase in licensed spaces has increased year over year. We have a demand, as I indicated, to license another 78 organizations for almost 1,600 spaces, but we can only license these at a certain rate, and we have to be cognizant of our own resources, but we also have to be cognizant of the vacancies that exist in the system.

Well, I can continue. I thought I had given a full answer, but if there is some aspect of it that you want me to go over again, I can. We do have an increase year over year of spaces and, if it is more detail you want, I think we can provide some more.

* (2150)

(Mr. Deputy Chairman in the Chair)

Mr. Alcock: I would be interested actually in a little more detail on that particular—again I am just not certain about what is occurring with the forecasting in the rural areas. You have detailed some of the demand in a general sense, but again I am just not certain as to how you are determining—

Mr. Gilleshammer: Okay, the rural areas. We will start with Eastman. There are three groups in Eastman, and they are requesting an additional 36 spaces, and they are on a waiting list because we have to again be cognizant of the spaces already there and our ability to fund them.

In the Interlake, there are three groups requesting an additional 107 spaces, and they are on the waiting list.

In the Westman area, there are four groups who are requesting spaces, and they are looking for an additional 37 spaces, and those Westman groups are in the Brandon area, Deloraine and one other community.

In the Parkland area, there are five groups who are requesting additional spaces, and they are requesting an additional 34 spaces. These are in Ste. Rose du Lac and Dauphin, in Waterhen, and Ebb and Flow.

In the Thompson region, there are three groups requesting an additional 80 spaces. If I recall some of the previous figures I gave, there was a relatively high number of licensed spaces occupied in Thompson, and this would be taken into consideration as we look at additional licensing.

In the central area, there are three groups looking for an additional 34 spaces. That is in the community of Morris, in the community of Langruth and the community of Portage. In the Norman area, there is one group who wants to license an additional 30 spaces, and that is in the Grand Rapids area. So there are requests by 78 different organizations for an additional almost 1,600 spaces. We have to make decisions on where the greatest need is, where the greatest readiness is. We have to be cognizant that by licensing new home spaces and new centres, that we do not negatively impact on the existing service providers.

I think the member would agree that it would be counterproductive to license a new centre in a community where there is only one centre and it is only partially full. So that is one of the factors that has to be taken into consideration. This is done by the department staff. People who are on the wait

list, I think, understand the process that we have a limited ability to bring new spaces in but, as I indicated, there has been a substantial increase in the number of spaces to the point where we have over 18,000 licensed spaces, an increase of around 1,000 in the last year.

Mr. Alcock: Mr. Deputy Chairperson, just a couple of—or one in particular—a quick question on process as opposed to on content at this point.

I had asked the minister in my opening remarks for certain information, and I would just like to know before we go on with the questioning whether or not and when the information will be available. One was the grants list for all external agencies funded by the department. The second was a detailing of the \$36 million increase to the department, where it has been allocated. The third was the breakup of the budget lines that were collapsed as a result of the changes in this year. I recognize, although they have had some four, five, six, eight hours since I made that request—I would just like to know from the minister, is that information going to be forthcoming this evening? Is it going to be forthcoming tomorrow? When am I likely to see that?

Mr. Gilleshammer: We will endeavour to get that information before the end of the week for the member. Staff have been here at the Estimates throughout and, like you and I, did take a break for supper, and we will endeavour to get the information the member requested as soon as we can. You will recall in the last round of Estimates where we spent some 45 hours together, I think both members recognized at the end of it the excellent response time from the department and the sharing of information. We will endeavour to do that as time permits. Most of the staff have gone home now, and I think we are back into Estimates. I saw some information from the House leader of the official opposition suggesting that we may start again tomorrow morning, so we are sort of pressed for time here as we have staff involved in this exercise, but we will endeavour to get this information as we have time.

The member made some sort of derogatory comments in his opening statement. I was going to wait and read them, but there was not—he questioned the arithmetic that was used in the budget and my opening statement. We would welcome a chance to go over that line by line to show that there were substantial increases in

certain areas of the budget. Because there are some areas of the budget that did not get an increase or where we could economize a little, I would explain to the member that we would take the reduction in some areas to improve programming and service in other areas. That is sort of a simple explanation for the member, but we could get into more detail on the line-by-line identification of those budgetary changes.

You know, there were other questions that were asked about where these dollars came from and, again, we would have to get into the detail to show you that, and have the appropriate staff here to do that. Maybe I will just leave it at that and say that we will provide that information on as timely a basis as we can.

Mr. Alcock: Well, I appreciate that in the last round of Estimates we did receive a great deal of information, and we had a great deal of time, so it was easy to be somewhat flexible in the acquiring of that.

I certainly can understand where a request comes up that is perhaps outside of what might be expected to be the normal operations of the budgeting process, there were calls for some analysis on the part of staff, the staff needs some time, and I have no difficulty being patient about those requests.

I would have thought, however, since the grants list was requested at the last time, it has been requested every time we have had Estimates, it is part of—surely the department in putting together its budget makes a determination about what organizations it is going to fund. I am a little surprised that document is not simply sitting here ready to hand out at the beginning of the Estimates or failing that, at least available for photocopying out of the briefing books the minister must have. I mean, it is something that is SOP I would have thought.

The second thing, I would appreciate from the minister the detailing of the \$36 million. That is the question I asked him. I did make a series of comments about his arithmetic. I have questioned his arithmetic for the length of time he has been minister, and I see no reason to change now. I would simply like to see, in some hard determined way, where he has chosen to allocate the \$36-plus-plus million he has received and where he has taken resources from, leaving aside all of the

other details, just to know the answers to those questions, that is the request I have made.

That second request, I realize, if the department has not already done it, I would be surprised if they had not, but if they had not, then they may need some time to do that. I am not requesting that tonight but the grants list, it strikes me, should be available.

* (2200)

Mr. Gilleshammer: I have indicated that we would provide the member with that information in due course, but I would also point out to him that the same 240 hours of Estimates is available this time around as last time around. The government has no control over how the opposition uses that time and, I mean, if the opposition—if you are suggesting that your colleagues are not managing their time appropriately, that is hardly an issue you can blame on government. There are 240 hours, and I am sure that all of the critics want to have an opportunity to put their thoughts on the record.

I would remind the honourable member that his colleague used an inordinate amount of time in Culture this year. I know that the honourable member would make a strong case in his caucus, and the fact that these Estimates are left to the end of the Estimates discussion is largely determined by opposition members. Again, I would point out that there are 240 hours available, and I do not take responsibility for the fact that the member is not getting his 45 or 50 hours in Family Services that he used last time.

I suppose caucus colleagues would want to say that it is their turn, and we are prepared to provide answers to the questions that were asked, and would love to do that as we get into the line-by-line discussion and we can look at the specific areas.

The member is questioning my arithmetic, and I would point out to him that he is the Finance critic who in previous years phoned New Brunswick and Newfoundland to find these great breakthroughs in the budget Estimates only to have to apologize for the errors he made. We looked at the budget in this department last time around and examined it line by line, and we will do so again this time. I say to you that there are no errors in our arithmetic, and we are perfectly capable and willing to explain all of the budget lines, and I am prepared to proceed with that now.

Ms. Rosann Wowchuk (Swan River): I want to thank my colleagues for allowing me to just ask a couple of questions. The minister was talking—

Mr. Deputy Chairman: Can I ask the honourable member to bring the mike up a little bit? Thank you.

Ms. Wowchuk: Thank you, Mr. Deputy Chair. The minister had earlier been talking about rural daycare and the need for such care, and I want to emphasize that that need is not only for farm families and on a seasonal basis. There are many people who are now forced to seek employment outside the home and want safe care for their children. There was a study done earlier identifying the need for daycare in the rural area, and examples were set out on rural daycare and the need.

I want to ask the minister when his department is going to perhaps implement some of those trial programs that might work in the rural area, or look at other possibilities, always keeping in mind that the standards be maintained and the safety of the children be the most important thing that we are looking for.

Mr. Gilleshammer: We did have an opportunity to discuss the information brought forward by the Federated Women's Institutes of Canada. I believe that is the report the honourable member is referring to that was brought to government a few months ago and that we are now studying. It does provide some information for us that we are using within the department now. It was a cross-country survey, and it found that the greatest number of users of licensed facilities were in Manitoba, where 63 percent of respondents said they used the available services regularly. It also referenced rural child care services which included daycare centres providing extended-hour care and family daycare homes and child minders where care givers go into the homes of families for irregular or overnight care.

We do have some trial projects, and I have referenced the Langruth one. It seems from the study that we have done that it is difficult to set up daycare centres in small rural communities because, on the one hand, when you establish the institution, you also establish the fixed costs. Then, if you are looking at a combination of people that require the service for the full year—and I am aware that there are people in the rural areas besides farmers. In fact, the farmers are becoming more and more of a minority in the rural areas. -(interjection)-

Well, the member wants to comment on policy and I would say the policy that has made farms much, much larger are the innovations and changes in the 1970s, 1980s and 1990s. If the member, who I think has a rural background, is not aware of that, I am sure the Minister of Rural Development (Mr. Downey) and Minister of Agriculture (Mr. Findlay) would be happy to enlighten her on that.

The reason there are fewer farmers is that farms have become very, very large, and the massive equipment that is used allows farmers to plant and work more cultivated acres than they did in the past. The member cannot live in the past in the days when there were farms and farmsteads in every quarter section and families were very large. That has changed. At least, it has changed in most of Manitoba. My good friend Parker Burrell tells me it has also changed in Swan River.

That report was brought to government by Marion McNabb who, I think, is familiar to the members of the opposition, and it is currently before the department. The department is studying it and is prepared to bring forth some recommendations and, working with the people in the rural community, will attempt to provide those additional spaces that are needed, and give the advice and support to those who want to bring forward the increase of daycares in the rural area.

I had indicated earlier that there are centres operating with flexible hours including evening, overnight and weekend service in Brandon, Langruth, Portage la Prairie as well as in Winnipeg. In those rural areas, they provide evening and Saturday service. The one in Langruth is open during the day up to 10:30 in the evening. The West End Day Care Centre in Portage la Prairie is opening for evening care until 12 midnight.

So those are the centres, but there are also a number of homes that provide even overnight care as well as the later hours in the evening in the flexible daycare. There are some seven or eight homes in Winnipeg with a number of licensed spaces. There are two in Thompson, one in The Pas, two in Morden and about 10 in Brandon, as well as homes in Hartney, Strathclair, Rapid City and Victoria Beach with some 74 licensed spaces to accommodate evening and overnight and weekend needs for people wanting to access daycare.

There are spaces available. The member may argue not enough spaces, but I think centres have

to look at the economic viability of opening new centres in sparsely populated areas. There are service providers coming forward to provide home spaces, and these are licensed as we are able to do so.

* (2210)

Ms. Wowchuk: I just want to assure the minister that I am well familiar with the rural way of life and the farming community. I was born and raised in the rural community. I too raised a family in the rural community and understand the needs that farm families face during times of long hours of employment. I also want to let the minister know that the answer to the rural community is not being bigger, and larger farms are not the answer. As we see, as the farms get larger, we lose population and lose many services.

However, my question is to the minister. Other provinces have set money aside, both in Saskatchewan and Alberta, to test out new and innovative ideas as far as daycare goes in the rural area. These provinces have recognized that there is a high number of accidents in farming communities where children in many cases are left alone. My question is very simple and straightforward: Is this government at this time also prepared to recognize the need that we have children who are sometimes left in dangerous situations? Are they prepared to invest some money into our future and look at new and innovative ideas of how these children can be looked after safely, not necessarily in the way they are being looked after now because the minister tells us there are many empty spaces in the rural area? Obviously, as we listen to the comments of many people in the rural communities, there is a different need perhaps that has to be addressed in a new and innovative way but, again I say, always keeping high standards and thinking first of the safety of the children.

Mr. Gillehammer: I thank the honourable member for the question, and the need is being expressed by parents in the rural area. Many of those parents, of course, find their own solutions and historically have. I say to the member, the first obligation for the care and the welfare and the safety of children is with the parent, and the member agrees that is the way it is supposed to be, so that parents will never and certainly do not want to pass that responsibility on to anyone else.

An Honourable Member: They have no choice many times.

Mr. Gillehammer: Well, the member says, the parents have no choice. Whether the family lives in rural Manitoba or urban Manitoba, the responsibility first and foremost for the care of that child and the safety of that child is with the parents, and they have different options in different areas of the city and different areas of the province depending on their own individual circumstances to sometimes seek out and find alternate care for their children. Government, over the last number of years, has been involved in the licensing and the provision of daycare in an affordable, flexible manner, and we will continue to do so. I read into the record earlier the number of licensed spaces that have come on stream in recent years and in the last year—almost 1,000 new spaces.

The impetus for coming forward with proposals for daycare homes and daycare centres has resided with parents and the community with the valuable help of the daycare office, which is there to serve the people who are looking for that type of assistance.

Other provinces are experimenting with the provision of service in rural areas, and we are pleased to gain from others' experience. Saskatchewan, a very similar province in terms of geography and population, less similar but still somewhat similar as Alberta—I think that where we have a mix of urban and rural population with somewhat the same geography, if they are finding successful ways of accommodating rural daycare for people who need that assistance in off hours, if we can learn from their experience, we will.

I recently met with the ministers of Social Service in Toronto, where we shared some information, and we were able to develop some relationship with those ministers. Of course, the deputies are often longstanding and have a relationship whereby they share that sort of information.

If there are things that work in other provinces in the daycare field or any other area, I think we are prepared to look at them. If they have found a solution for rural daycare that fits into our scheme of things, we would be pleased to do so. They too wish to pick our brain as far as our system is concerned.

I know in Saskatchewan they spend somewhat around a third of the number of dollars on daycare that we do in Manitoba. You know, in Ontario your

colleague has made reference to the Ontario government and the Ontario system of daycare and indicated that they have a system there that we do not want to emulate and that the government I know had planned on making some revisions in their promises and rhetoric prior to the election and now have found that they are unable to follow through with that.

So, in answer to the member, if there are things that we can learn from other provinces of ways to provide a better service and to emulate some of the projects they have, we would be pleased to do so.

Ms. Barrett: Mr. Deputy Chair, I have several issues that have not yet been thoroughly digested as some issues have in this area that I would like to get some feedback from the minister.

The first one is special needs. This is an area that I will admit to being quite confused about. There has been a great deal of concern expressed by the daycare community. As well, I am sure the minister has received these communications from not only daycare centres, but parents with special needs children, wondering what is going to be the status of special needs children and spaces in the daycare system.

I know the minister's announcement included an additional \$375,000 or \$376,000 for special needs. I am wondering if he can explain what that money will be used for and if he can attempt to allay some of the concerns of daycare centres and families that are worried about the potential inability of daycares to be able to continue to provide special needs programming for children.

* (2220)

Mr. Gilleshammer: Mr. Deputy Chairman, you know, I do recognize that prior to the announcement of the budget there were people indicating that special needs care was going to be done away with or severely changed, and that is not the case. I am pleased that the member notes that there has been an increase in funding of some \$370,000 for special needs. There were approximately 395 children enrolled in the children with disabilities program as of March 31, 1991—395 of these children. The new budget, the 1991-92 Child Day Care budget has provided for an additional \$370,000, which should allow for another 50 children to participate, so that would increase the children enrolled upwards of 445.

(Mr. Jack Penner, Acting Chairman, in the Chair)

We have had some concerns expressed by some of the people in the system that there were problems with special needs and we have been meeting with them to make the adjustments which would remedy the situation. While I have not heard anything recently, I think that by and large we have worked through that problem and that in recognition of the fact that the salary enhancement grant no longer exists, and I believe the problem identified with special needs was related to the salary enhancement grant, we have made the adjustment whereby the children with disability staffing grant was increased by \$50 to \$1,720 per billing period.

We are pleased that we have been able to respond to what was seen as a deficiency in the new structure and the increased grant should allow most daycare centres to continue to function and the service for these children with disabilities will continue.

Ms. Barrett: Yes, I was speaking with a director of a child care centre in Winnipeg who shared with me some concerns about the funding for special needs, and she did speak to the fact that the \$1,720 per billing period grant for special needs. When she went through the comparison of that figure versus the costs that were currently being borne by her agent, the daycare, for the special needs worker, it turns out that the new formula with salary and benefits will mean a 63-cent-an-hour decrease for this child care worker who also has an infant in care. So the special needs worker is eligible for a partial subsidy for her infant, but only a partial subsidy and she is getting a decrease actually of 63 cents an hour even with the \$1,720 funding.

I will agree with the minister that the whole funding situation is very complex, and I am not for a moment suggesting that I understand it completely or even partially, but what she is saying is that with the elimination of the salary enhancement grant, even increasing the funding for the special needs worker, it is still a decrease from what this worker was being paid. She also says that the manual states that special needs workers should be paid the same as others at the same level of experience and training, and this will not be the case in this particular example. I know this is only one example, but the minister has also spoken about single examples, too, so I feel I am on fairly safe ground in using this as a case where there is concern being expressed. I just want to bring that to the minister's attention and suggest that further adjustments may be necessary.

Mr. Gilleshammer: I wonder if you could just clarify for me, you indicated that this was a daycare worker who is also the parent of a child who receives a disability. Can you just clarify that for me?

Ms. Barrett: Mr. Acting Chair, I realize that was probably unclear.

No, the special needs worker at the daycare centre is getting a decrease in actual salary of 63 cents an hour. That special needs daycare worker, at the same time, has a child in infant care and is only eligible for a partial subsidy. So she is ending up getting a 63-cent an hour decrease in her actual income and is also being hit at the other end with the major increases in parent fees. It was sort of an aside comment. It does not bear on the main issue which is the funding, their salary levels for special needs children.

I think the issue is that in this case, and in other cases, centres are worried about and parents are worried about the fact that the lack of the salary enhancement grant is putting major pressure on daycares to be able to—particularly daycares who have had up to 100 percent of their workers being IIs and IIIs, and that this decline in revenue from what was funded originally is being felt throughout the system and the pressure is on the special needs, as well.

It is my understanding that is one part of it, and the other part of it is I am just wondering if this is an inaccurate indication, this single issue, this single case, that the special needs workers are not going to even be paid at what they were in many cases before.

Mr. Gilleshammer: I would indicate to the member that again, in recognition of the fact that the salary enhancement grant no longer exists, the children with disabilities staffing grant was increased to \$1,720 per billing period. This accommodated the majority of the cases that came to our attention.

In addition to that, there is also provision for child daycare to authorize children with disabilities staffing grants in an amount greater than \$1,720 per billing period where the situation warrants it. So given that, I would ask that you perhaps relay the message that it can be brought to our daycare office, and we would review the situation.

Again, it was an issue that was, I think, first brought up in the House by the member for St. James (Mr. Edwards), and members of the public who had special needs children also brought it to the

attention of the department. So we worked with them in the system to try and find a solution. I believe we did resolve that. Again, we are pleased and I know the member is pleased that we were able to continue with the program for children with disabilities and to, in fact, increase the spending there of some \$370,000 which would allow an increase of about 50 children.

* (2230)

Now, I know the member is quite interested in the children with disabilities, and I would like to give her some more information on that. There are 108 centres in Winnipeg that accommodate some 248 children with disabilities. In the Interlake area, there are eight centres accommodating 15 children. In the Westman area, there are 27 centres accommodating 42 children. In South Central, there are five centres accommodating 16 children. In Central, there are five centres accommodating 13 special needs children. In Norman, there are five centres accommodating 22 special needs children. In Parkland, we have eight centres accommodating 11 children. In Eastman, there are nine centres accommodating 22 special needs children, and in Thompson, there are three centres accommodating 11 special needs children.

All in all, a total of 178 centres across this province are accommodating some 400 children with disabilities. You can see that there is a distribution of these across the province, and while some centres have a small number of children with disabilities, some, you might say, are more specializing in the accommodation of those special needs children. In addition, there are approximately 25 children in family daycare homes in Manitoba on whose behalf child daycare provides grant funding. Again, there are quite a number of children with disabilities who are being accommodated. With the adjustments that have been made by the daycare office, I think we have resolved most of those problems.

Ms. Barrett: Can the minister tell us if there is a wait list for special needs children, and if so, what that number is?

Mr. Gilleshammer: We are aware that there are special needs children on a waiting list. Again with the waiting lists that the centres have, we are not privy to all that information. We are aware that the additional funding was able to accommodate an additional 50 children. I cannot give you a figure of

how many of the children on waiting lists are in this category. The centres, I think, have that information, and as I indicated before, we have not compiled that at the daycare office. In some cases, the waiting lists are not made available to the daycare office, but we could attempt to compile that information.

Ms. Barrett: Can the minister explain how his department made the determination that there would be funding for 50 additional children if there is not accurate information available on the actual number of children on wait lists?

Mr. Gilleshammer: I am told that there are wait lists that are handled regionally by our regional offices. We do not have that information centrally, but we can attempt to compile that, and if I get further information while we are still in session, I would be happy to make that available. It appears that there was a sufficient number in the various regions to be involved in this expansion, and we will attempt to see what information we can get from our regional offices.

Ms. Barrett: Mr. Acting Chair, I appreciate that response on the part of the minister, and while the special needs issue is definitely one that could be expanded upon, in the interest of time I will go on and ask several more questions in this area.

This is a question that I have asked the minister in the House, and I would like to ask the minister again in hopes that I, I am sure, will get a more complete answer this evening, the rationale for forgoing the cost-sharing funding from the federal government by putting additional resources into private centres which are not—those funds which are not cost recoverable from the federal government. I find it particularly interesting, especially in light of the fact that the federal government seems to be going into the direction of decreasing cost sharing, and there are other areas in this department that are definitely under attack in that regard.

I find it interesting that the government would choose not to take full advantage of one of the few diminishing number of cost-shared revenue sources from the federal government. I am wondering if the minister can explain the rationale for that decision.

Mr. Gilleshammer: The subsidy and grant system is a complex one, as we have said before. On balance, we will receive more cost sharing as a result of restructuring because of the additional

resources put into the subsidy system. As a result, we have improved our position vis-a-vis the federal government. I think I can give you some additional information on that.

The Canada Assistance Plan, or CAP, cost shares eligible child welfare subsidies at a 50 percent level and grants to nonprofit centres at 50 percent of two-thirds of the total of total expenditures. Now because we have shifted more subsidies into the system in this offset by reducing the grants, we have increased the subsidies. In 1990-91, the federal contribution allowed for a 41.3 percent recovery of total child daycare expenditures. Under the restructured system in '91-92, it is anticipated that the federal contribution will increase to 42.2 percent of the total child care expenditures. Again, this is based on the increased amount of dollars in subsidy. Maybe we will just leave it at that for the moment.

Ms. Barrett: I understand that marginal increase in the percentage because of the more money into subsidies, but it appears to me that the minister could have, as well, made the decision to continue to put resources into the cost-recoverable centres and have increased the overall percentage of money recoverable from the federal government even more, that it is not just the subsidies, it is where they are going. There are two parts of it. There are the subsidies, I understand, and then there is the recoverable part to the nonprofits. Every dollar that the minister puts into a private, for-profit centre is a dollar that is not eligible for the cost recovery from the federal government. While he has increased the subsidy amount, he has not taken full advantage of the centre-recoverable subsidies.

* (2240)

Mr. Gilleshammer: I am very pleased to hear the honourable member change her reference to a decrease to a marginal increase, because that more accurately reflects the situation. It sounds very much to me, Mr. Acting Chair, that the member is heartily endorsing the subsidy system because of the advantages of recovering from Canada increased dollars. These discussions, while they seem lengthy, are bearing some fruit in that I think the member not only has a better understanding but more of an acceptance of the situation.

(Mr. Deputy Chairman in the Chair)

I know that the member is suggesting that there are certain segments of the daycare community

system that we should not fund, but we believe very strongly that parents should have a choice. I see the member nodding her head, and I am glad that she agrees with that, because we do believe that parents should have a choice whether they access a private daycare or the centres or the daycare homes. It is, I guess, a good example of how clarification and understanding will bring us closer together on an issue like this. We do have a marginal increase in the dollars that are being accessed through the Canada Assistance Plan. We are pleased, through the increased subsidies, that the federal government is increasing their contribution to daycare in Manitoba.

Ms. Barrett: Mr. Deputy Chair, just a comment. I was not nodding in agreement with anything that the minister was saying—a point of information. Secondly, any fruit that these discussions may bear at this time will be very, very sour. We are not in agreement on many, many points in this discussion. I want to put on the record that case, that situation.

I am not going to carry through any more on the cost sharing, because it is clear that the minister is unwilling to discuss the particular area that I am most and many are very interested in.

I would, however, like to ask a question on choice or have a bit of a discussion on choice. The minister talks about choice in a large number of contexts, not only the child daycare system, but he was wont to use this word in his earlier discussions, particularly in Question Period, on the choices that Child and Family Services agencies had to make, et cetera. I think we have a different view of what the word "choice" and the concept "choice" means in this context.

One of the things that has come very clear to us and to many of the people who have shown concern and have raised those concerns with the minister, the media, the opposition parties and anyone who will listen to them is that, far from increasing or even maintaining the level of choice that parents have for their daycare, the choices are being severely limited, particularly for the middle-income families who are being most devastated by these incredible increases in parent fees. Parents in the past have had a choice.

One of the positive things about this daycare system has been the acceptance in theory and in philosophy, if not always 100 percent in practice, of the need to provide a wide range of daycare choices

for families, a wide range within each community as much as possible, certainly within the regions of the province, taking into account local needs, and there has been earlier discussion in that regard, so that parents who want to have their child or children in a daycare centre, and there are many good reasons for parents choosing that option, have in the past had that option available to them, space permitting.

Parents who chose to have their children in a family daycare centre, and there are good and sufficient reasons for many parents to choose that option, had that choice. Parents who wanted workplace, there was some access for workplace, et cetera. What has happened now or what is feared to be going to happen now with the increase in parent fees is that those parents just above the subsidy cutoff—and we do not know how many of those families there are, because there is no statistical data on those families—will not be able to have the range of choice that they had before, particularly parents whose children have been in daycare centres.

The fear is that many of them will be forced to go into daycare or child care arrangements that are less than optimal for them, such as a family daycare where they would prefer to have their children in a daycare centre or in some cases where there is not access to even family daycare, the latchkey-kid syndrome. Now this concern has been raised on a broad level. It has also, again to go back to the Ontario situation, been shown to have the effect of the Ontario experience, which is to do exactly the same thing that this government is doing, has been to vastly increase the number of latchkey kids, the number of families who cannot afford to access the system.

I just want to make the point that I think the minister is incorrect in his use of the word "choice," that parents have far less choice than they did on June 30th before the rate increases took place, and that it is inappropriate for the minister to make those comments about the new system, that the impact is going to have a very negative effect rather than a positive effect.

I would also like to raise a concern about earlier comments that the minister made about the funding and how the costs have to be met and the fact that centres, if they have less than a full complement of children attending, may have to make some staffing adjustments. The comments had a very familiar ring to them. They were almost word for word the

comments that the minister had made in the last Estimates when talking about staffing for shelters and how the shelters staff for 24 hours a day, seven days a week.

The minister was saying that perhaps that level of staffing would be unavailable to some shelters, and the same kind of suggestion he made, that daycare centres may have to lay off staff and this kind of thing, is again, I believe, showing a lack of understanding on the part of the minister about what child daycare is all about and the issues of quality. This is another one of the major issues that have been raised.

This whole area is one that is of deep concern to me, that the minister can state that daycares may have to make adjustments based on numbers of children. The analogy that occurred to me was like it was a fast-food store, fast-food shop, that if one week your revenue is down, you lay off the staff, and the next month if your revenue goes up again, you can hire the staff back on. That is not how the system works and it is not how the system was meant to work. If that is how the system is going to be forced to work because of the minister's change in funding, then we will not have the model daycare system we have had in the past; we will have a model, but it will be a negative model, of what not to do.

* (2250)

I have one question I guess before the end. I am sure the minister probably will want to comment on some of my comments. He talked about if there is a 75 percent or more attendance for subsidized spaces, the centre will be paid at a full-time rate. That is my understanding of what he said.

Am I correct to assume then that for nonsubsidized parents of a daycare centre there is no—of course then the government has eliminated their support in that regard, so the parent—a daycare centre, when you are talking about the 75 percent gets paid at full time, for a daycare centre that has virtually all subsidized children, that makes that centre a little more secure in its funding base.

Many of the centres we have talked to, a vast majority of their children are subsidized. Many of the other centres have exactly the reverse. So this 75 percent occupancy getting funded at a full rate does not help those centres or those portions of those centres that are not subsidized at all. Again I think the funding increase has not taken account of

the implications that the new changes will have on centres' ability to raise revenue. There is no case where 100 percent attendance will be achieved throughout the entire year. So centres are going to be forced into reductions. Those reductions, in 80 percent of the cases, will be in staff, because that is where 80 percent of the costs are.

I am wondering if the minister would like to comment on that.

Mr. Gilleshammer: Mr. Deputy Chairman, the member covered a wide range of issues there from subsidies to shelters to fast-food stores and attendance. I would make comment on a number of those issues.

We do pay the full subsidy for children enrolled up to 75 percent of the time. There is some flexibility there in that if there is nonattendance or poor attendance the subsidy is still paid if there is at least 75 percent attendance. I think it is recognized as one of the most generous provisions of that nature across the country.

Now, the policy regarding attendance for nonsubsidized children is set by the individual boards of directors. I am sure that would be the way the member would want it to be, to allow the board to make those decisions regarding the attendance policies of children of parents who are paying the full cost. The board can be as restrictive or as generous as they want, and I suspect that if they perceive there is a problem with attendance of children, it is one that they have to deal with in policy and practice at that local level.

The member started by talking about choices. I think we have a reasonably similar understanding that parents, first and foremost, make the decision about their children. Your colleague from Swan River was talking about the dangers for farm children if they are left unattended. Well, it is the parents' responsibility to care for that child or to make arrangements for that child, and surely the official opposition is not indicating that government should take the responsibility for the safety of children. First and foremost, that is the responsibility of a parent.

The choices that parents have are that they can place their child in a centre or in a licensed daycare space or they can make arrangements with extended family, and that has always been the choice of parents, and surely the member is not suggesting that government should make those

decisions. There are a broad array of choices out there given the services available. Your colleague suggested that we should be building daycare centres in more of the rural areas and to have the flexibility in those centres to accommodate farm families. Well, there are places where that has worked, and we use Langruth as an example, but again, the creation of those services is largely the responsibility of the parents and people seeking daycare out there, so there are a wide range of choices out there.

The member seems to, in her discussion about subsidies, be suggesting that we should expand the subsidy system. We have put substantial new money into the daycare department over the last four budgets, an increase of some 60 percent. We are making a change in structure this year by moving from grants to subsidies, and we have expanded the range of those subsidies. That range that was in place when her political party made decisions has been expanded, so those subsidies have been expanded.

The member is recognizing that expansion and, I think, suggesting that we should expand even further. There is a cost to that, and at the same time that she is asking government to spend more on social allowances and her colleague from Burrows (Mr. Martindale) is frequently suggesting that we enhance the social allowances and the amount of money we spend in that area, there are those who want to put more money into the Child and Family Services agencies across the province. There are those who recognize the many vulnerable Manitobans we have in the rehab and community living area of our department where we need additional daycare programs and additional group homes to accommodate those people who are reaching the age of the majority or coming out of the provincial facilities.

So at the same time that those demands are being made on other areas of the department, the member is also asking us to further expand the funding for the subsidies. I would point out to her that this department received a 6.9 percent increase in funding, the largest funding increase across government, at a time when provincial revenues were flat. There are departments of government who made many, many difficult decisions that her colleagues have criticized.

I guess we could have followed the Ontario model and increased taxes and increased the provincial

deficit further than it is now and, of course, increasingly the long-term debt. The minister from Ontario, at a conference I was referencing earlier, gave a one-hour dissertation on the \$10-billion deficit in Ontario, and how important that was, and that they had no other alternative. I clearly see the member for Wellington (Ms. Barrett) is suggesting the same thing, that not only must we increase spending in other areas of this department, but we should also be increasing the subsidies.

We did increase spending with Child Day Care by some 2 percent. Again, it has been a tremendous increase in this area of the department over the last four budgets—a 60 percent increase. We do have some limits, and we have said to the taxpayer and the taxpayer has said to us, do not increase the provincial taxes. So the other choice was to increase the deficit, and we chose not to do that. So we can look at increasing these subsidies in subsequent years.

I tell you the pressure is on government and all departments to expand and spend more money. I know that some of your colleagues have been helpful. They have suggested that we could spend less on the Environment or less on Natural Resources and spend more on Family Services. We are already spending more money in this area than any other area of government in terms of our increase, so we will take that under advisement, and we can expand subsidies in subsequent years.

We have already indicated that the subsidy system is going to be monitored to look at the uptake in the subsidies. We have expanded the upper end of it. If the member persists in asking for a further expansion of that, I can just say it is something we will look at as we build our subsequent budgets.

* (2300)

The member wanted to talk about wife abuse shelters as well, and is saying that those shelters should be fully staffed even when they are empty. We have to look carefully at that, and I can refer to one shelter that was empty for three weeks and, at the same time, was increasing their staffing. You know, we are committed to working with the boards of those shelters in terms of board development and assistance from the department.

We inherited a rather underfunded shelter system, and I think the member probably in her previous life was closest to the shelter system than any other area of the department, or at least had

some knowledge of it. So there was a tremendous amount of rhetoric regarding the shelter system by members of the official opposition, but there was some really bad underfunding, and the funding to the shelter system has been stabilized with substantial increases. There is a core funding and a per diem funding which has allowed for the stability of those shelters and the expansion of those shelters.

At the present time I believe we have 11 or 12—I guess the 12th one is coming on stream—shelters across the province, and we are spending nearly \$3 million on the shelter system now. If the member is proposing that we can simply have the boards staff those and expand programs and develop programs when the shelters are empty, I say to her that those boards have to be responsive to the numbers of people who are accessing those shelters. The boards of the shelters have to make informed decisions and have the capacity to bring more staff on stream at certain times of the year or when those shelters become more busy than they normally are. We have increased that funding and we have worked with the boards.

We have also committed to the shelter system that we would review the funding model and we are currently doing that. I can tell you, talking to one director who indicates that there is a substantial surplus in the shelter that she is the director of and that there are other shelters where the surplus or the amount of money that they access is not of the same amount. We are looking at that and working with the shelter directors and boards to come up with a revised funding model that we can all live with. I say that there has been a lot of attention given to the shelter system. We have enhanced it. We have expanded it and we have done more than provide rhetoric. We have provided the funding that was required in that system to have those shelters work in the various communities.

Lastly, I would address the member's comments about the fast-food store. I say clearly that is the rhetoric of the member. At no time have I or anybody in the department talked about the vital services provided by daycare providers, whether it be in the private sector or the centres or the homes that are licensed, have we ever referred to this system as a fast-food store.

I have a tremendous amount of respect for the work that has been done by the department and by the various organizations that make up the cross

section of services that are provided in daycare. The Family Daycare Association, the MCCA and the Manitobans for Quality Child Care, who have sent information to me, and others who are active in the pursuit of providing service for children, that I believe that those organizations and those individuals take very seriously the sacred trust of looking after children, not only children with disabilities but other children who access the system.

I think the training which is provided for daycare workers, whether it is Red River Community College or whether it is on-the-job training, is meaningful and that those workers take their job very seriously. I am rather surprised that the member would equate the type of service to a fast-food store. I do not believe that truly reflects her vision of child daycare. It certainly does not reflect the vision that we have in the department or in government, that the care of children is very, very important.

I think by and large parents take the care and upbringing of their children very seriously and when they entrust that to someone else when those children are at a very tender age and are putting them in the care of a licensed provider, someone who has had years of experience and considerable training, they do so with some level of trust and confidence in the system. The member, I think, is suggesting that parents will simply drop their kids off at a licensed place as if they were attending a fast-food store. That is a sad distortion of the system. I do not think you can refer to children in a cavalier manner like that and have the care providers referred to in such a way, because it has become a vital part of our system here, our social network in the province of Manitoba. The standards and the criteria for offering daycare, I am told, are some of the most stringent in North America. We have a system which is widely respected and I would think of these people as truly professionals rather than clerks in a fast-food store.

Ms. Barrett: Mr. Deputy Chair, I am about to relinquish the microphone to my colleague the member for Osborne (Mr. Alcock), but I must very briefly put on the record the fact that I know the minister is good and well aware—when I made the comment about fast food—it was not in regard to the people who are providing the services, nor was it in regard to the families. It was in regard to the attitude of the minister towards funding and towards the ability to provide good quality child care. It had nothing whatsoever to do with the providers of

service. I just wanted to put that on the record, and I will now turn the questioning over to the member for Osborne.

* (2310)

Mr. Gilleshammer: I recognize that the member takes her duties and her responsibilities very seriously, and I would like to assure her that I do as well. If that was in reference to funding, I would point out again that the funding for the child care system has been dramatically increased by government over the last four budgets. That, and our overall commitment to Family Services, and Health, and Education, I think reflects the concern of the government that we provide adequate resources for those departments of government that provide services for Manitobans in the part of the network of services to people.

So I am prepared to accept that that was perhaps something said in haste, that did not truly reflect the thinking of the member. I would assure her that we, too, take the care of children very seriously.

Mr. Alcock: Perhaps I would be more convinced of that if the minister took this process a little more seriously.

I would like to ask the minister one very simple question in child daycare. He has said over and over again about the very large increase in the support for daycare. Was the daycare budget underspent and, if so, by how much in the last two years?

Mr. Gilleshammer: I have some information here for 1990-91. The request for spending was \$42,956,000. The actual expenditure in 1991 was \$42,000,852, so there was an underexpenditure in '90-91. The previous year, '89-90, there was an underexpenditure. The adjusted vote was just over \$40 million and the expenditure that year was \$36,442,300. So in '89-90 there was a roughly \$4 million underspending; last year, a little over \$100,000.

Mr. Alcock: Mr. Deputy Chairperson, I think we will spend a little time talking about child and family support before the night runs out on us, and I would hope that the minister would answer the questions I have as expeditiously as he just answered that question.

I began the discussion, or in my opening remarks, I made a comment about the change to the format of the Estimates, and it is the first time since at least 1976 that we have moved away from the detailing

of the maintenance of children and the funding for external agencies as two separate items. It is the first time we have brought it together into one line. What I would like as a starting point for these discussions is to have it broken out back into the old format. Of the \$88,505,200 referenced against 6.(b)(3) Maintenance of Children and External Agencies, could the minister tell us how much of that is for maintenance of children and how much of that is for external agencies?

Mr. Deputy Chairman: Order, please. Before we get on to that, is it the will of the committee that we pass the child daycare portion? Are there any further questions in there?

Mr. Alcock: No, I believe we are on Administration, are we not at the present time? I think we will wait before we pass daycare.

Mr. Deputy Chairman: I will just get the minister to introduce the staff that just came forward then.

Mr. Gilleshammer: Joining us, I think, are gentlemen who are familiar to you—Jim Bakken, who is the Acting Assistant Deputy Minister in this area, and Ron Fenwick.

Now that the staff are here, I wonder if I could prevail on the member to just restate the question as we get our briefing books open to that particular line, and we will give you some specific information.

Mr. Alcock: It is very simple. When you look at the detail provided in the budget book as opposed to the supplementary, the Child and Family Support budget, Maintenance of Children and External Agencies have been merged into one line. This differs from the format that these Estimates have been presented in for at least the past 15 years.

I would just like the minister to break it out for me again in terms of '91-92, the year under question, how much of that \$88 million is being allocated to Maintenance of Children and how much to External Agencies?

* (2320)

Mr. Gilleshammer: The amount allotted for Maintenance of Children is \$56,969,600 and grants to agencies is \$31,535,600.

Mr. Alcock: As it is not shown here in the Estimates book also, could he break out the previous year to give us the comparative figures?

Mr. Gilleshammer: The Maintenance of Children in 1990-91 is \$49.9 million. The grants to agencies was \$32.7 million.

Mr. Alcock: Of the \$32.7 million for External Agencies in 1991, how much was directed towards the six agencies that have now been brought together into one agency?

Mr. Gilleshammer: The service and administration to the six agencies in '90-91 was \$16.4 million, and in '91-92 it is \$15.6 million.

Mr. Alcock: Is it reasonable to assume, given the statements of the minister to date, that the service and administration budget of the new agency for fiscal '91-92, should they have operated for the full 12 months, would be \$15.6 million?

Mr. Gilleshammer: Yes, that is correct. It is the same.

Mr. Alcock: Minus whatever was expended during the first quarter of '91-92 which was allocated to the agencies as they were still operating?

Mr. Gilleshammer: That is correct.

Mr. Alcock: What then is the comparable child maintenance figures for the collection of six and then the new agency?

Mr. Gilleshammer: In the 1990-91 funding it was \$21.9 million, and in 1991-92 it is \$26.2 million.

Mr. Alcock: In either of those two sets of figures for '91-92, the service and admin or the child maintenance, are there any funds included in that \$15.6 million or \$26.2 million for deficit reduction?

Mr. Gilleshammer: Yes, there is approximately \$1 million that would be dedicated to deficit.

Mr. Alcock: So \$1 million represents the entire deficits of the six agencies at the time that they were taken over?

Mr. Gilleshammer: The deficit in the previous year, the allotment was \$2 million. The expectation was that it would be \$1 million in 1991-92. The final figures on that are not available at this time.

Mr. Alcock: The deficit relief applicable to previous years' budgets was paid out in this fiscal year. I mean, you actually wrote cheques to cover the outstanding deficits of the six agencies at the time they were taken over. The question is, what was the total of those cheques that were written?

Mr. Gilleshammer: The deficit that we addressed not that long ago was deficit relief that was part and parcel of the 1990-91 year, and the anticipation with the service agreements is that that deficit would come down substantially.

Mr. Alcock: Before we get into the decisions that were made about where certain deficiencies are going to come from, I am just trying to get a sense of what this \$41.8 million that the minister has now referenced is meant to cover. As I understand him, it is \$15.6 million for service and administration, \$26.2 million for child maintenance, those adding up to, am I correct, \$41.8 million, now minus \$1 million that was paid for deficit relief?

Mr. Gilleshammer: The most recent deficit payments were in reference to 1990-1991, and we are currently looking at any of the debts that the agencies held at time of dissolution.

Mr. Alcock: What is the total estimated amount of those debts?

Mr. Gilleshammer: That is a figure that we have not determined yet. The member is asking for the deficit incurred by the agencies in 1991-92, and currently the board, it is my understanding, is doing an audit of the expenditures and the financial position of the old agencies.

* (2330)

Mr. Alcock: I am trying to sort out what the minister just said, and let me see if I have got it right. The deficit relief that was paid out, in reference of the 1990-91 year, the \$1 million that was paid out in the first quarter of fiscal '91-92, was for deficits that had been accepted as in fact the deficits of the previous six agencies?

I understood him to say that there were some outstanding liabilities that predated that but they still had not determined. I now understand him to say that the board is looking at deficits in 1990-91. Let me make the question real simple. At dissolution, prior to the time you assumed responsibility for the six agencies, they had some level of debt which you assumed responsibility for. What is that figure?

Mr. Gilleshammer: Maybe this would help clarify. In the 1990-91 budget year there was a total of \$1.4 million paid on the 1989-90 deficit. In the 1991-92 year we are budgeting \$1 million for the previous year's deficit, and we are still in the process of auditing the financial statements for 1990-91.

Mr. Alcock: Okay. Then in your current budgeting, am I correct when I say that the \$41.8 million that is being directed to the new agency will translate into \$40.8 million minus some adjusted figure after you determine what it is that you have done, would translate into the operating budget of the new agency?

Mr. Gilleshammer: By and large, that is correct.

Mr. Alcock: Leaving aside the question of this yet to be determined liability which you have assumed, then the annual operating budget of this new agency in the city of Winnipeg is \$40.8 million for fiscal '91-92.

Mr. Gilleshammer: Including the deficit relief, it will be in excess of \$42 million.

Mr. Alcock: Now, I asked you what the total budget was. You gave me a figure of \$41.8 million. I asked you what the deficit relief was. You said \$1 million; \$41.8 million minus a million is not complex math, even for a critic. Now it is \$42 million. Where did that extra money come from?

(Mr. Jack Penner, Acting Chairman, in the Chair)

Mr. Gilleshammer: The maintenance of children line is \$26,240,000. The service and administration is \$15,635,000, and there is also some additional funding which brings it to \$42,113,000.

Mr. Alcock: What makes up that difference? What is that additional money?

Mr. Gilleshammer: There was another line of community support service of \$238,000.

Mr. Alcock: Is that \$238,000 in community support coming out of this line 6.(b)(3) Maintenance of Children and External Agencies?

Mr. Gilleshammer: Yes, that is out of the same appropriation 6.(b)(3).

Mr. Alcock: So the new agency is getting an amount of \$238,000 in community support. I wonder if the minister could tell us what other agencies are receiving money from the community support line which is not detailed in the Supplementary?

* (2340)

Mr. Gilleshammer: I am told it is just the Winnipeg agency that is accessing that.

Mr. Alcock: So somewhere not in these accounts, but in some account book, of this \$88 million there is \$238,000 sitting against a line that is entitled community support that is only available to the new agency. Was this community support available to the six old agencies?

Mr. Gilleshammer: Yes.

Mr. Alcock: So the other two private agencies, for example, Central and Western were not receiving any community support funds.

Mr. Gilleshammer: This fund is going to the Winnipeg agency this year and is not being accessed by other agencies.

Mr. Alcock: Now the minister very carefully said, this year. Does that mean that this fund will not be part of the ongoing budget of this agency, that it is a one-time grant?

Mr. Gilleshammer: Well, we have not reached the position yet where we are looking at next year's budget until we are able to finalize the expenditures in the Estimates this year. Given the timely end of the session, we will be spending time in coming months analyzing the current year's budget and beginning to prepare our budget for the next budget year, 1992-93. So I do not think it is possible to say at this time what sort of funding levels will be made available to any of the agencies and any of the areas of our department.

I can tell you there is a recognized need in some areas of the department. I have mentioned before a particular priority in the rehab and community living and developing more resources to accommodate the young people reaching the age of majority and putting in place more day programs and community living situations but, again, it is premature to start thinking about next year's budget.

Mr. Alcock: Well, I am just trying to sort out, though, the extent of support being provided to this new agency, because the minister made a number of statements about the size and operations of this new agency, and I just want to try to quantify that in some way. As I understand it now, from the figures that we have, there is a total allocation to the new agency, which is \$42,113,000, give or take some hundreds there, and there is a pre-existing draw on that of at least a million dollars, and it may be higher as a result of deficits that are from previous years, so that the net operating budget of this new agency is, give or take a few dollars, \$41,100,000.

Mr. Gilleshammer: Well, we are not absolutely sure of the deficit at this time, but it appears that there will be one. It will have to be addressed.

Mr. Alcock: So right now the minister says that it appears there will be one. There will be one because of the leftover operating deficits from the agencies that were taken over, or ongoing operating deficit being incurred by the new agency?

Mr. Gilleshammer: No, I was referencing the financial situation of the previous agencies.

Mr. Alcock: So the new agency, as I understand it, is to operate on a break-even basis. They are to spend no more money than was allocated to the six agencies in the '90-91 year. There was to be between '90-91 a zero percent increase so that—and that is all I am trying to arrive at, the operating budget, service and admin, child maintenance and now community support for the new agency which, I understand now from the minister, is some figure on the order of \$41,113,000, less some yet to be determined amount for deficits that have yet to be sorted out as a result of this action.

The monies that this agency is being provided with to operate on is something less than \$41 million. Is that a fair assumption?

Mr. Gilleshammer: Yes, that is essentially correct.

Mr. Alcock: Can the minister tell us how many children were transferred into the care of this agency at the time it was taken over, that six were taken over?

Mr. Gilleshammer: I am told there were approximately 2,000 children in care.

Mr. Alcock: Approximately or exactly 2,000 children in care? Surely you know the number.

Mr. Gilleshammer: I said approximately 2,000. If the member would like more detail on that, we will endeavour to get that for him.

Mr. Alcock: I am surprised that would be a difficult number to come up with given that you took over a bunch of court orders. In fact, I am astounded that is a hard number to come up with.

Mr. Gilleshammer: I tell the member that we are proceeding under Section 1.(b) of the Estimates which is Executive Support. We have not moved ahead line by line, and we will endeavour to have that information available to the member. Certainly, it was an exact number, and given that there are children coming into care and in some cases children leaving care, at the exact time we can provide that number, and we will endeavour to do so.

Mr. Alcock: No, I am sorry. We are on 1.(b), except that there was an agreement with the minister that this would be a wide ranging debate, and staff are here. It is not a case of the staff have gone home. They are here from this department, and surely, when you make a decision as significant as to assume responsibility for six agencies, you

know what the hell you are assuming responsibility for. I mean, it is hard to believe that you would take an action like this without at least knowing how many children you are taking responsibility for.

Let me ask a question now. You have indicated publicly that the administrative structure that you have now put in place is going to cost between \$300,000 and \$400,000. I am wondering if the minister would endeavour to do two things, to detail those costs so that we have a sense of what they are being allocated to, and to tell me whether or not that \$300,000 to \$400,000 is contained within the \$41,113,000 available to this agency for fiscal '91-92.

* (2350)

Mr. Gilleshammer: Mr. Acting Chairman, I would indicate to the members that the number of wards transferred, the information the member was requesting, was 2,035, and that was based on the children in care that day.

Now, the member is asking about the cost of the restructuring and we used a figure that day of \$300,000-\$400,000 and I have since indicated in the House, and I am sure the member is aware, that the costs are going to come in less than that. We have had some resignations of executive directors. We have three executive directors who are going to stay with the agency. So the costs of that adjustment are not as high as we were anticipating, and we are very pleased with that.

There are also administrative costs relative to setting up the new office and the telephone and some of the contingencies, and this is not, and I stated that before, coming out of the budget of the new agency. There was also some legal costs that we were factoring into that, and we stated at the time of the announcement that these costs would be paid by the department.

Mr. Alcock: Mr. Acting Chairperson, perhaps the minister could undertake to provide, and not necessarily at this moment, a detailing of those costs. The costs for the new office staff, the legal costs and associated costs with operating this new administrative structure, the fees to the board, et cetera, if he could just give us a breakdown of that. How much is for staffing, how many positions, how much for the board, how much for the office rent, how much for legal costs, and how much for office operations? If he could endeavour to provide that for tomorrow, that would be helpful.

I understand him to say now that \$300,000-\$400,000, or \$200,000-\$300,000, or some figure that I am sure we will become aware of when we see that detail, is not part of the \$4,113,000, but is over and above that and is coming out of the Department of Family Services, that there is not a supplementary supply motion being brought forward to provide this. The department is finding it within?

Mr. Gilleshammer: Yes, in reference to the first part of that question, we had indicated our estimated cost of the restructuring of the administration was between \$300,000 and \$400,000. We are now indicating that we anticipate that that cost will come in at a lesser amount. I have indicated that three of the executive directors have accepted positions with the new agency. The member is well aware that two of the former directors had previously resigned and one other executive director, I am told, has resigned. So these costs are going to come in at a lesser amount, and the costs of this changeover, the details of it will not be available tomorrow.

There are expenses in the areas that we have identified of legal costs and telephone installations and office start-up that we do not have the figures on at this moment, nor will we have them tomorrow. I would commit that at some point in the future we would be able to ask the department to come forward with that figure, and we would be able at a later point in time to provide that for you.

Now, I think there was a second component to your question, and that was, is it coming out of the budget of the new agencies and we have said no, that we will endeavour to find that from within the department, to cover those costs, and I believe that is the answer that I gave three weeks ago. The amount of money for start-up is going to be borne by the department.

The Acting Chairman (Mr. Penner): The honourable minister for Osborne.

Mr. Alcock: Thank you for the promotion.

The Acting Chairman (Mr. Penner): Somebody told me you were joining the ministry.

Mr. Alcock: Thank you, Jack.

Okay, I can understand that the legal costs may be something that are difficult to quantify, but you had a budget presumably when you started this. You hired a new executive director. You hired, I do not know what the name of the position is, for some sort of program position. You hired, presumably

some sort of administrative—in fact, you did, you hired a senior administrative staff person. You rented new office space. You installed telephones. Presumably you gave them a budget for paper.

Those are hard costs that surely when you went forward to Treasury Board to lay before them this brave new vision of the world, you had details for them. That is all I am asking for. Just share with us those costs that you are able to identify.

Mr. Gilleshammer: I have indicated to the member that we will bring that information forward in due course, and give the member the actual costs. We had anticipated that it would be between the \$300,000 and \$400,000 area.

(Mr. Deputy Chairman in the Chair)

Some of the items that the new member is referencing are costs that will be picked up by the new agency with the decisions made by the board as they have their meetings and make their decisions, and those costs will be borne by the new agency.

* (0000)

Again, the start-up costs that we anticipated, I have said that we will find that money within the operating budgets of the various program directorates, and we feel we will be able to manage that amount. I am pleased that was an amount that appears to have been on the high side and, again, the member will appreciate it was not with a degree of certainty we could predict the staffing decisions that various executive directors would make. We were of the mind that we would have to perhaps make money available of that magnitude to cover those costs. Now we are saying that it appears that those costs will be less, and when we have some final figures on those, we will be pleased to provide it for the member.

Mr. Alcock: Maybe I will just end this by trying to get one final number here.

So the annual operating budget of this new agency in fiscal 1991-92—the annualized operating budget is \$41,113,000 plus some figure that is something less than \$300,000 to \$400,000, minus some yet to be determined amount for deficits which we have to figure out yet, but in the \$41 million range. That is going to be the operating funds available to this new entity.

The minister references staffing decisions or decisions made by people who may or may not have

chosen to become involved with this new organization. Those funds though are contained within that \$41 million. Those positions that he is referencing are part of the \$41 million that has already been referenced. The number I was looking for, and I am still looking for, is the cost of this new office. That does not change simply because somebody has chosen not to stay on or has not been given the option of staying which would be the more correct way of stating it. It means that some funds may have become available, and those funds may have lessened the amount of money the department has to find, but they do not change the costs of operating this new office.

You have three senior positions, at least one administrative position, possibly more, and new office space, et cetera. That is the figure. Those are hard costs. Those are not estimates. Paying some salaries, that is the number I am looking for. How much?

Mr. Gilleshammer: One of the challenges of the new board is to operate within that budget, and they will take responsibility for the salaries that are agreed upon with staff and the adjustments that have to be made. We have indicated the amount of their funding. The board in their decision making may find other changes or efficiencies that they wish to make.

I know back in May when I made some comment about changes, the president of the agency association commented in the same article that there may be some centralization of the child abuse function that the agencies were involved in. I am just going from memory, but I think there were suggestions that the recruitment of foster homes was an area that could be changed in some way. The member is shaking his head—I will try and retrieve that article.

One of the challenges of the new board is to examine areas where some centralization of functions are possible and suggestions have come forward from a number of people and groups that have been involved with the agencies over the last six or seven years. These have to be evaluated, I think, by the board with their management. I am sure that they will look at areas that can be centralized. We have said consistently that what worked in the previous system was the availability of service on a decentralized basis and those offices and staff have been left in place.

Now over and above these decisions and challenges that the new board faces, we have indicated that in the transition, the department would be responsible for some of these costs. We had estimated that to be in the neighbourhood of \$300,000 to \$400,000. We will make every effort to find that sort of assistance within our own budget, a budget that in total is very, very large. These transition costs, as they relate to some staff adjustments, to some legal costs, the set up of the office, and so forth, appear to be coming in lower than anticipated. I do not want to prejudge decisions made by the new agency and the board is charged with, along with the executive director and staff, of looking at their situation and making those decisions. Clearly, it was a government decision to centralize administration and at the same time we have said very clearly that we felt we have left in place what works, and that is the decentralized delivery.

Now the member shakes his head, and I respect that he was involved with agencies on a continuing basis for many, many years and has a different point of view. There are many who have come forward to say this is something that needed to be done and that the service to family and children will be improved, that some of the barriers that were in place before no longer are there, and along with the other reforms that we announced, we are optimistic that the services to these vulnerable children and families will be enhanced.

Ms. Barrett: I am going to take a different tack from the member for Osborne (Mr. Alcock) in beginning my discussion and my questioning of the minister in this area.

I would like to go back, as I did in my opening statement, to the Estimates process of last November. We had a fairly extensive discussion about the work of the Agency Relations committee, with particular reference to their working with the six then independent agencies on setting up service and funding agreements.

*(0010)

Much discussion throughout the Estimates process and in the House during that session about year of transition and stability and working together with the agencies. We all know what has happened with that whole process, and I will not go into it any further in depth at this time.

There are five or six places, in one day actually, in the Estimates process where the minister talks about the service and funding agreements that are being worked on in conjunction with the agencies and the Agency Relations and the other members of the government staff. How he anticipates, with a great deal of positive idea, that these service and funding agreements, if not bringing on the millennium, are at the very least going to have a very positive impact on the provision of services for children in Manitoba.

I am wondering if the minister can explain to me now, and through the Hansard to the people of Manitoba, what happened between November 20, 1990, and June 24, 1991.

Mr. Gilleshammer: Yes, I can explain to the member and the readers of Hansard. Yes, we talked about service and funding agreements and worked very, very hard to put in place an agreement dealing with service and an accompanying agreement dealing with funding.

I do not think we ever made any secret of the fact that we wanted agencies to be responsible and to live within those agreements. I can tell you that there are agencies that did and are very, very proud of their record. I recently had correspondence from the agency in central Manitoba, and I regret if in any way that agency was portrayed as being fiscally irresponsible because they are not.

I think that agencies and past agencies, and I guess I do not want to get into quoting various people, but some participated in a very meaningful way to work on service agreements and to seriously put into place service agreements that were workable and achievable and accept the funding that was appropriate.

This government worked for three years with agencies, attempting to form that partnership of funding by the government and service by the agencies, and reached a point where a decision was made that the system was not working, that agencies that had deficits in the past were on track to have even larger deficits. So I say to you that the efforts on the service agreements and the funding agreements were very, very serious.

As a new minister last fall I had some degree of optimism that this would work. As we proceeded through the fall and the winter and it became apparent that this was not working and there was not the will to make this work, a decision was

eventually made that, on that piece of this issue, a change would be beneficial. At the same time, in the visiting and meetings that I had with directors and agency boards, with people in the collateral agencies, people who represent the justice system, the health system, the education system, who were talking about the lack of co-ordination and the lack of co-operation in the system, that became part of the decision making as well, that there were not many people coming forward saying yes, the system is working.

Critics from both opposition parties frequently asked questions which left the impression that if only more millions of dollars were poured into the system, it would work. I say to the member that over the last five years the funding for the agencies doubled, and still critics were saying this is not working. Others were saying that as well.

As I read reports on specific cases where there seemed to be a lot of human resources attached to the case where manpower, staffing was adequate, that did not seem to resolve the problem. There were other reports and other areas involved with the child welfare community that said if only we could have a co-ordinated approach. In reading some of those reports where a child and a family moved from one area of the city to another area of the city perhaps a few blocks away, the family fell within the jurisdiction of another agency. All of a sudden a new group of service providers appeared, and sometimes many months later the documentation would follow along. By that time perhaps the family had moved to northern Manitoba and were the responsibility of another agency. Inherent in that was, it seemed to me, a situation where the lack of co-ordination was allowing children to fall through the cracks.

I remember being on a television show with the honourable member just last week where the critic and other people in the community were involved in discussing this. One of the members of that panel who was involved with an agency said it was a fond hope that children would not fall through the cracks in the system. I think by putting in place a more co-ordinated, co-operative team we can try and prevent that.

* (0020)

I am mindful of the comments that were in the paper from somebody speaking for the police department who said, yes, we have had problems

in the past identifying which agency was responsible for which child and family, and there was a feeling that there were problems in service delivery and relationship between the police department and the various agencies.

I have spoken to people also in the Justice department who lament the fact that there were problems in co-ordination which impeded the justice system in some ways and perhaps even prolonged some of the work that had to be done by the courts because of, sometimes, confusion and lack of co-ordination in the system.

As a result of input from sources within the department, sources within the community and evaluation by the department and by staff and by myself that the service agreements and the funding agreements were not being put in place in a manner which was leading to some success and the fact that there were outstanding problems of service delivery which tended to differ from agency to agency—and I know the member is apt to say, well, do you not understand that the type of service needed in the core area is different than that in Charleswood? I say, yes, I do understand.

The standards of service provided by one agency can be uniform. I cited before some examples of some of the benefits, I believe, of a single agency. We have previous agencies in parts of the city where foster homes were more readily available and areas of the city where it was difficult to find foster placement. We feel this co-ordinated approach will enhance that service.

We have the whole question of mandate. I have discussed with boards, in particular, and executive directors interpretation of mandate. That interpretation was different in different parts of the city. One of the references I made was, you know, one agency indicated that they no longer did work with 16- and 17-year-olds. Another agency was very involved in independent living arrangements with 16- and 17-year-olds. So I recognize the needs are different in different parts of the city, but I think through a co-ordinated approach some of this service and service delivery can be enhanced.

As well, we announced some other reforms at the same time to do with a child advocate, to do with an automated system, to do with a family fund. I think these can be part of the new system, which will enhance the service to these vulnerable children in families that are identified.

I referred earlier to some comments I made on May 14. I had indicated that the president of the organization of the six Child and Family Services agencies agreed that there were some areas that could be centralized. She is quoted at that time as saying: "I think some services certainly could be centralized, but we have to keep in mind service delivery should continue to be decentralized."

I know the member agrees that is exactly what has happened, that service delivery is decentralized, and the same offices and the same people are still in place and are located in the same offices where they were with the previous agencies.

She also said that she could see services like accounting and the province's adoption and foster parent programs being amalgamated. Those are decisions that the new board, in their deliberations, will have to take a look at.

When I mentioned that a little while ago, I saw some disagreement with one of the critics who seemed to indicate that foster parent programs could not be amalgamated. So here we have someone who is highly respected and who chaired the six agencies saying one thing and another self-styled expert who has spent much of his life as a consultant to the agencies and a proponent of certain aspects of child welfare saying the opposite.

There are differences of opinion. I recognize that we have a difference of opinion on some aspects of the child welfare system. We agree that the service is decentralized and offered in the communities. That is what we said worked. I suspect the critic agrees with me on that. We see some advantages to centralizing the administration, which we have done, to give a more co-ordinated and co-operative approach to the delivery of service.

We think we have kept in place what was working well and have made some changes where we think there were weaknesses in the system. The new board and the new management have the challenge to make this work. I have every confidence they will proceed to do so.

Ms. Barrett: Mr. Deputy Chair, I realized that I perhaps gave the minister more leeway than, in the interests of time, I should have. I will attempt to make my questions more focused in the future.

I would suggest to the minister that at least this section of the discussion and the questioning tonight on this whole area—I would like to leave for the time being if possible, the issues around the actual

service delivery and those kinds of things where we have agreed to disagree. I would like to go back to what I did not make clear in my first question—the process. I think we can agree to disagree, or have a debate or a discussion, on the merits of centralizing one or more aspects of the program. I am sure we will. I would like to speak to the process that has been undertaken in the last six to eight months with the Child and Family Services agencies and the minister's department.

* (0030)

In November when I was talking about the—four or five times on November 20 in the Estimates that the minister was extolling the virtues of the service and funding agreements and how things appeared to be going along very well and agencies were meeting and working through this, then the minister said yes, that was at the beginning and then things did not work out. Okay, fine.

However, according to the agencies, while they did not agree with the demands that were being placed on them by the minister, while they continued to disagree with the statements that the minister kept putting on the record that there was enormous funding increases when the actual money available to the agencies was much less, while they continued to talk about the 200 percent and 300 percent increase in cases and far less corresponding increase in funding, while all of those things were going on, and those are, no question about it, serious differences between the minister and the agencies, at the same time every single one of those six agencies was working towards producing the information that the minister required in the service and funding agreements. They put in balanced budgets. They made the effort, some more successfully than others, no question about that. The minister stated in the earlier part of his comments that some agencies did live within the agreement and were responsible and were able to make shorter work of the service and funding agreements. Some of the agencies did not have debts to begin with, others did.

Throughout this process, up to within a week of June 24, agencies were operating under the process that had been agreed to, working with the department on the service and funding agreements and all of a sudden, out of the clear blue sky over the weekend, the change was implemented. Clearly, you do not make a change of that magnitude in a very short period of time, not even in

the period between May 14 when the minister was musing on the possibility of moving to some different form of service delivery. Even at that point nobody who knows anything about government or that process would for a moment believe that was anything but the end result, certainly when you count back from June 24. I think that it must be clear to everyone that the decision had been made well in advance, months and months in advance of the implementation and the announcement. Yet, while this decision is being made here on one hand, the department is working with and talking to the agencies who are under the impression that the system is as it was. That is when I turn back to my comments about communication and trust, absolutely totally lacking, as the agencies saw on June 24.

I would like to ask the minister if there were some agencies that were living within the agreement that were able to put together a balanced budget and a basis of a service and funding agreement within these six agencies. I know of at least two that were balancing their budgets and had made excellent progress in that regard.

If there were agencies within the six Child and Family Services agencies in Winnipeg that were performing, why were they not excluded from this recentralization, this restructuring, if the reason given by the minister is accurate that it was seen that it was not working? It seems to me that he is putting together all of the agencies and saying none of you are functioning properly.

So, two parts: When actually did the minister begin the process of restructuring? Second, why did it include all six of the Child and Family Services agencies when not all of them were behaving badly?—to use the minister's kind of language, not mine.

Mr. Gilleshammer: Well, maybe I will answer the second question first. The member characterizes some of the agencies as good and some of them as bad. I have indicated that there were differences in the agencies and in service delivery. If I follow the member's thinking, what she is proposing—and correct me if I am wrong—that the agencies that were operating in the manner that she approved should have been left independent and that the centralization should only have encompassed those that she sees as doing less than good work.

You know, I have tried to sort of voice to those agencies and to the critics that there were good things happening within the agencies and most of it to do with service delivery. We have left that service delivery in place, and we see so many advantages of co-ordination and co-operation along with the other reforms that we announced to give us the ability to enhance service. It has been recognized by some, in an article I just looked at here a moment ago, that there are aspects that can be centralized.

So many people, including the critics, often brought specific cases to the floor of the House and said, Mr. Minister, here is a case, what are you going to do about it? Here is another case where somebody needs service, and it is not being provided. Frequently, it was underfunding, not the management of the agency, but the fact that the critics felt government should provide more money that was perceived to be the solution. So many people and the critics through their reference to specific cases, were saying time and time and time again that here is a system that is not working. I guess eventually you convinced me of that. I think it was necessary to take some -(interjection)- Well, I will give the member a chance to put that on the record, but the specific cases that were brought to my attention and the continuing problems with the creation of service agreements and funding agreements, the fact that we were getting advice from many quarters that co-ordination and co-operation and the guiding hand of one board and one agency would resolve some of these problems of discrepancy of services, I suppose led government to the conclusion that the children and families served by these agencies would be better served by a centralization of administration.

So we proceeded with that centralization and left in place what we have said over and over again was working. There is recognition by those in the system that there were areas like accounting, like the adoption program and the foster program that could be centralized and run efficiently, and other areas as well. As I have said, this is the challenge that faces the new board, to find better ways to do things. I believe that they will make decisions which are going to provide a better system, and I believe the management of the agency that has been put in place is made up of some individuals who have devoted a good part of their life to providing services to vulnerable children and families.

I believe that given the opportunity on the part of the board and on the part of management to proceed with this restructured system, that we will improve the system. At the same time, I have committed to some other reforms which I think go hand in hand with that change. We hope to be able to move in the coming months on the filling out of the board and the community committees, proceed with the automated system, look at projects that the family can fund, and put in place the child advocate, and also put in place the high-risk indicators which have been developed by Professor Reid and Dr. Sigurdson. All of these things, I think, will lead to a better system.

* (0040)

At the same time, I would quickly acknowledge that there are areas of child welfare in the province which require more thought and more work on the part of government, and I reference the services to Native children. I met recently with the child care committee of the Assembly of Chiefs, led by Chief Jerry Fontaine and many of the people who represent some of the Native agencies and have committed to working with them to get a better understanding of the Native agencies and co-operatively start to work on some of the issues that they have detailed to government.

We are going to put together a working group to address some of these issues in the short term and also try to develop a long-term vision of where we want to be with Native child welfare in this province five years and ten years from now, because I think that system has developed on a very ad hoc basis.

The department and the Native community, I think, also have to be aware of the responsibilities of the federal government and then put this in context of the relationship of the Native peoples to government in other departments like Education and Justice and the health care system and Natural Resources and other areas. So we will be working with them to address some of the short-term issues, but at the same time attempt to do some of the long-term planning that I think is necessary to develop the Native child welfare in the latter part of the '90s and into the year 2000.

So there is no shortage of challenges that we have to address, and we are committed to working with the Native leadership on those issues.

Now the other question that the member asked was the time frame of the announcement in June.

Yes, this is something that took considerable thinking, and I say to the member, it was not a decision that was made lightly. The government, I think, had to reflect on the last three years and the relationship between the six agencies and government and also look at what we saw as some of the problems in the system identified by many.

As a minister who has worked with this department for less than a year, it was apparent to me and consistent with information that was coming forward and just a perception, I think, with government that we could enhance the system by making the change which left the service delivery in place and changed the administration.

So this was a process that evolved, I think, as we tried to resolve problems with the agencies and felt that we were not making the progress that we wanted to make, and that in the overall picture some sense of administrative co-ordination would resolve some of these issues. So the decision was made and announced in June and we are now in the process of the implementation stage. As I have indicated, the board and the executive director have many challenges ahead of them that they are prepared to meet and that they will be dealing with.

Ms. Barrett: Mr. Deputy Chair, I would like to put on the record yet again that the minister has yet again twisted the words I have stated. I will clarify it for the record that at no time did I say that some agencies were doing a good job and some agencies were doing a bad job, that I felt that they were. I was reflecting on what I was saying the minister was saying.

The minister said, some of the agencies lived within the agreements and were behaving responsibly and others were not. I was at no time—nor would I make a judgment of that nature, first of all, because I do not happen to believe it was the case, and second of all, because I do not have the information upon which to make that kind of a statement.

There has never been any disagreement among any of the parties in Child and Family Services agencies, and I include all of the parties, that there has been and continues to be problems with the system. Where there has been a disagreement is the causes of those problems, and the solutions to those problems, and we will continue to debate and disagree fundamentally on both of those two issues.

Again, I want to put on the record that I have asked twice, and have received no answer to my question twice, about why the minister on the one hand mused and thought and communed with individuals, sources, about the need to change the system, while at the same time he was holding discussions and directing his staff to do the same thing with those same agencies that he was preparing to disembowel. That will get graphic.

It is the height of hypocrisy to spend six months, upwards of six months—I am going to assume it is six months until I hear differently from the minister—between the time that he was talking about how he really had high hopes for the ability of the process to work, the service and funding agreements, and the actions that his government undertook in June, that are completely diametrically opposed to what he is doing on the one hand. I just cannot put together those two things, and the minister is choosing not to answer that part of my question.

I think it is very interesting that in Question Period, time and time again, since the middle of May actually—even before that—the minister has been asked by both opposition parties to table a single study, a single document that says that the structure that he has put into place is the appropriate or a more appropriate way to deliver services to families and children in this province. Not once has he been able to do that.

Tonight he has talked about many quarters giving advice to centralize. The perception that they could enhance the service delivery by centralizing the administration, by getting rid of the independent volunteer-driven agencies—the perception? Now I would like to know the degree of scientific study behind a perception that this was the way to go.

* (0050)

Again, the minister has said individuals, sources—that is the word. He says sources gave him information that said the agencies should be disbanded, that there should be a central administration. The only quarters, or sources, or individuals, or groups that he has been able, over the last month or two, to identify is, No. 1, the police, and No. 2, elements in the justice system. He has completely ignored or refuses to acknowledge the existence of study after study after study done not only in this province, done in other provinces, done in the United States, done throughout the Western

World that state that services to children and families should be delivered, are most effective when they are delivered and best when they are delivered from a locally based, community-based agency.

Ignoring the experience of the Children's Aid Society, ignoring six years of work that has been undertaken by these agencies. At one fell swoop, going in and saying to, at the very least, 78 volunteer board members, you are fired. Hundreds and maybe thousands of volunteers told, the job you are doing was not good enough, told that the organization that you have spent hours and hours working with is not cutting the mustard, so we are going to take it over.

The minister and his government counterparts have spent a lot of time talking about the planned economies and the central control of the New Democratic Party. I would suggest to the minister that this is a really good case in point of central control and ideology overwhelming the evidence of every expert opinion in the child welfare field. Until the minister can table or explain who these sources are or the quarters are that are suggesting the services should better be delivered from a central administration, he is going to have a very difficult time convincing anybody of the validity of that claim.

Secondly, until he is able to at least respond to the question about why he continued to play games with people who were dealing in good faith with him at the same time that he was planning this massive takeover and did not share it with them, did not say, look, we have major, major problems. I am thinking seriously about centralizing certain portions of this, taking over and making one agency out of six. What do you think about it? He did not do any of that. He did not consult one little bit with any of the people who were involved directly with the service delivery, people who have been working in the field for decades.

I do not know who he consulted with or what sources he used or what expert advice he got or what studies he had to show that what he has done was done for any but the most partisan ideological reasons to shut up people who were causing problems for him. I do not know. I will suggest, before I have phrased a question, that the only way for the critics to get any of their ideas on the record with this minister's 15- and 20-minute answers is to put forward very long preambles themselves.

If the minister is willing to answer quickly and concisely, the critic will agree to ask questions concisely but, as long as the minister is wanting to put 15- and 20-minute answers on the book, on the record, the critics will ask long and extensive questions themselves.

In that light, I would like to ask the minister if he can explain the phrase that he stated earlier when he said, there were barriers in place before that are no longer there, in talking about the six agencies, and if he could explain what those barriers were that are no longer there?

Mr. Gilleshammer: I thank my honourable friend for her comments, and I am pleased that she clarified what she meant in her previous question. I accept without reservation the thinking that she has put on the record. I apologize if in any way I was interpreting that in a wrong manner.

I think I have a better understanding of what she said now, and I will read the comments that you made initially to see where I could have possibly misinterpreted them.

I guess there are a number of things that I would respond to, and your admonishment that I should not read into your answers, or make comments that perhaps take some liberties with your comments, I would ask the same treatment in return.

You indicate that thousands of volunteers were told they were not wanted or they were not good enough. I know the member would be hard pressed to find the line in Hansard or the copy in print or the statement on the electronic media where I said that. I have consistently said that we welcome the participation of the community in terms of volunteering, that we see an extremely important place that volunteers have played in the past and can play in the future.

I know that the member will correct that, because she would not want to leave on the record that I said that, and I know that she would not want to discourage those volunteers out there who want to be involved, and I know that she would take no glee from the fact that some may not be involved, but I say again that the volunteers are welcome.

I know that in my discussions with Helen Hayles, the board chairperson, who has worked for the better part of the last two decades with the volunteer centre, her commitment to volunteers is not only outstanding, but it also can be used to great advantage with the new agency.

So I say again that volunteers are most welcome, and I know that there are some who have come forward to say, this is what we did, we think it was valuable, and we would like to continue to do this. I know that they will be welcomed, and I know that an important role will be found for them.

The member readily admits that there were problems in the system. I am pleased to hear her acknowledge that because I think it was apparent to all that there were problems of service delivery, there were problems that we have enunciated before, in terms of interpretation of mandate and the manner which boards interpreted that mandate.

* (0100)

The critic has said that the causes and the solutions are what we disagree on. I do not know about the causes, whether we have a fundamental disagreement there. Certainly, the solution I have heard time and time again is that they were underfunded and that more funding was the only solution.

Well, the funding has been increased over the last five years to the point where it doubled. Yet the problems persisted. The solution we have seen as a solution has been that this government, over the three years, has increased funding and at this point in time has made the fundamental decision to change the administrative make up and administrative structure of these agencies. We believe that this is a step in the right direction and the co-ordination and the co-operation that should exist between the people who deliver the service will have a better chance of existing now, and ultimately provide for better service for the children and families the agency serves.

The member used the phrase, "playing games." I can tell you that we—and I have taken this very seriously and have taken steps, I think, that will help to remedy some of the problems I saw in the system and I think the member saw in the system. We are not playing games. We took this very seriously and worked very hard to try and find solutions with the old system and now have embarked on a new solution which we think is going to be successful.

The member asked about the barriers in place before that no longer exist. I see, Mr. Deputy Chair, people are packing up. Maybe it is time we should—we can have a chance to answer this tomorrow? If that is the will of the committee, I would be pleased to accede to that.

Mr. Deputy Chairman: The hour being 1:05 a.m., we will recess till 9 a.m. Agreed? Agreed.

SUPPLY—FINANCE

Madam Chairman (Louise Dacquay): Order, please. Will the Committee of Supply please come to order. At this time, I would request the minister's staff to please enter the Chamber.

We are on item 4, page 68 of the Estimates book, Taxation Division (a) Management and Research.

Mr. Leonard Evans (Brandon East): Madam Chairperson, before the break, I had begun asking questions about the proposal by western Finance ministers to have an independent collection of income taxes, at least a change in the system that we now have. The minister said, best to discuss it in greater detail under Federal-Provincial Relations and Research Division, which is fine, so I only have, because we are limited for time and we are doing the abridged version this evening, I guess, I just have one question. I know my colleague the member for Elmwood (Mr. Maloway) has one or two questions as well under this area.

My question relates to the legislation that was passed last year which no longer allowed retailers to provide customers with exemption from paying the sales tax. Previously, I understand, people could refuse to pay sales tax. The retailer would then advise the department and, somehow or other, these people—I imagine most were exempted for whatever reason. Perhaps Native people who live on reserves and so on can claim exemption status. I am not clear, though, but I ask the minister if he could tell us what has been the impact of that legislation, that particular amendment he brought in last year.

Hon. Clayton Manness (Minister of Finance): Madam Chairman, it is always hard to quantify what greater percentage are paying legitimately the tax that they should be. I am led to believe that, for the most part, the move was positive from a revenue and an equity position.

We did have some formal complaints, particularly from districts in the Interlake and from some reserves who sensed that the rules had changed somewhat, but that has long since died down. Furthermore, Madam Chairman, I would have to think that, in the sake of equity, it was a very good move on behalf of the government. It, the exemption I am talking about, is something that

should have been struck off the records some period of time ago.

Mr. Leonard Evans: Just a supplementary question now. I was not sure whether the minister said he could not give us an estimate of the additional revenue acquired from this amendment, that was impossible. I suspect there must be some estimate available. I just wondered about a ballpark figure of additional revenue from this particular move.

Mr. Manness: Well, it is so difficult to quantify. I think that was the opening remark I made on the last question. It is in our totals, and we are talking now not about tens of millions of dollars, we are talking maybe hundreds of thousands of dollars, and when you put that over \$600 million of retail sales tax revenue, it is very hard to measure.

All we do know is that not the same number of people who were walking outside or leaving without paying sales tax and without telling the merchant to use the exemption waiver certificate that used exist, that no longer occurs. So we believe that in the sake of equity and fairness, more Manitobans are paying the tax as they should be. The quantification of that is impossible to do.

Mrs. Sharon Carstairs (Leader of the Second Opposition): Madam Chairperson, there have been 17.5 positions eliminated from this particular section of the minister's department, and I understand that a reorganization of the department has gone on at the same time and people have been moved around somewhat. Can the minister tell us what kind of training programs they were given as part of this reorganization?

* (2010)

Mr. Manness: I am glad the Leader of the Liberal Party (Mrs. Carstairs) asked a question on the new functionalization systems. Certainly, we have been into it now for a few months. It caused an awful lot of consternation. It was not an easy process when we entered into it. We did not expect it would be, but we knew it had to be done. There was no alternative. Efficiency, in my view, was falling significantly. It was something that had grown for several, several, several years and far beyond that the challenge was there for the government to try and find a way of fixing it. It does not mean that process was easy; it was everything but.

Training was an important element of the new process of functionalization, because now you took

specialists who were used to dealing specifically with one taxation act, and now you are asking them to become more or less generalists. So when they visited the office of a business or an employer, they were able to ask questions on a number of different statutes. That was the efficiency we were trying to bring into bear; that was also the great esprit de corps that we are trying to provide to our staff.

In that vein, we had to take our auditors and we had to certainly give them training with respect to all of the other taxation statutes that they had not previously been responsible for serving. Secondly, we had to take the tax assistance people and also give them a broader training function and understanding of the statutes. Thirdly, and probably most importantly, compliance officers, we took them through a training course to introduce them to the latest techniques that were available in the area of collections.

Mrs. Carstairs: Well, the minister implied that there was a certain amount of a discomfort level as they were going through this training process. Can he give us some evaluation as to how they feel now in terms of, not only their general competency but their own self-image, being able to perform these generalist functions as opposed to the specialist functions they were formerly performing?

Mr. Manness: Madam Chairman, that is a pretty difficult question to answer, and yet it is incumbent upon a minister to know more or less the views of their staff. From a distance, I am of the impression that once the audit staff particularly went into these new fields of responsibility that there was an uplifting of their spirits and a greater willingness to be part of a team effort.

We are just into the process now over a few months—I am encouraged. I still think though that the jury is out. I mean, I would not want to say at this point that we are downhill, everything is going to move smoothly along. I imagine there still would be some glitches, and I am hoping a year from now to be able to answer that question totally in the positive, because I still think it will still take a few more months before I get a total read of the situation. I am encouraged by what I see to this point.

Mrs. Carstairs: Can the minister tell us whether he brought in professional trainers to work with his staff in this area or whether he left it up to more senior staff to disseminate this information to their employees?

Mr. Manness: Well, there has been some significant cross-fertilization in a training sense that has taken place. Certainly, in collections, we brought in an individual by the name Don Menzies from Manitoba Hydro to share with us the expertise that has been garnered through the years and the latest innovations they use within our major Crown, Hydro.

Secondly, within the personnel side, we brought in an individual by the name of Jim Swackhammer, I believe is his name, and who had done an awful lot for the Civil Service Commission and various departments of government. Now this is in the functional area of training, so much as it is the personnel side and those areas of work and responsibility that are natural and are the same to all of us.

Thirdly, within the audit area, whereas most departments of government, when they have audit functions to conduct, will rely on our trainers. These very senior people, all internally within our department, conducted training sessions. In that sense, they were internal people who were training our staff in other statute areas.

Mrs. Carstairs: Yes, finally, with one other question. There was some discussion earlier in this session with respect to overpayments of sales tax not being then passed on to the consumer. Can the minister tell us how he has addressed that issue?

Mr. Manness: Let me give even a more complete answer to the question just posed earlier in this area of training.

We also, in our sales tax area, have been involved in some discussions with Ottawa as to their GST collections, seeing what information they are bringing in from other provincial jurisdictions to see whether or not it is a fit with our retail sales tax. Now this has nothing to do with harmonization, this is just to see, to share information, to see whether or not we can even collect our own provincial sales tax in a better fashion. Also, in computer assisted auditing, we brought in some professional trainers there too from the Department of National Revenue, so we have done training in five or six areas.

Now, the question specifically to tax, those are merchants who have double charged on retail sales tax. What we have done is probably shown in our Statute Law Amendment (Taxation) bill this year, where we have tried to lay out the prohibition for doing that type of activity. That is a matter of the

public record. It is part of the bill that is before the House at this time.

We have also sent out a circular, I believe, to all of the merchants to put into their taxation binder, a reference to this act and how we deem it to be illegal and, if it is to occur, under what conditions they are to either remit it to the government and/or to the customers. That is what we have done to this point in time on our side of the ledger.

Mr. Jim Maloway (Elmwood): I would like to ask the minister to provide us with a list of aged arrears for the various taxes that the province levies, starting with the sales tax and moving on through.

Mr. Manness: Madam Chairman, is the member looking for individual files, or is he looking for an aggregate? He has asked the question several times in Public Accounts, the aggregate of the arrears in certain taxations fields. I do not know what he is asking for. Certainly, if he is asking specifically the breakout, for instance, of all those who have not remitted payment under some taxation field, again I tell him that is not public information and will not be shared with him.

* (2020)

Mr. Maloway: To the minister, I guess I should clarify. All I am really asking for is an update on what the minister has provided us with in the past in the Public Accounts Committee. In other words, what we have over the last couple of committees that we have sat through is a breakdown of the arrears in the various forms of taxation in the province on an age basis, and all I am seeking from the minister at this point is to update that list that we have got. So we have it as of last January and we have it as of maybe six months prior to that. I am looking for a current update of those tax arrears and broken down by the categories of sales tax, corporation tax—that is all.

Mr. Manness: I am now fully familiar with what it is the member asks. Certainly we do not have that information with us tonight. We last provided it for, I think, year end, March 31, 1991. We will endeavour to provide that information again sometime in the next -(interjection)- Oh, we had March 31, '90? I see. Well, we will endeavour to provide March 31, '91 figures. We do not have them tonight, and I do not think we can attain them tonight, but we would endeavour to provide them sometime within the next few days. I would ask him to give us a week.

Mr. Maloway: I think that would be fair. The minister has had on occasion here taken some time to get back to us with answers, but on other times he has been rather prompt, and I take his word that he will get back to us with this statement of arrears within a reasonable amount of time. Certainly a week would be reasonable.

I also wanted to ask whether or not the arrears were increasing or whether they were decreasing, but I do not think the minister could tell us at this point. I do want to ask a question concerning The Statute Law Amendment (Taxation) bill that the minister has before the House, and it has to do with the question of whether the tax department Compliance people will be able to require certain businesses to put their sales tax into a trust account.

I would like a further clarification of that and how that is going to work, because it seems to me that a lot of discretion is being left to the tax collectors to decide which companies in this province are going to have to put their sales tax in a trust account. It seems to be quite a bit of power to be granting the auditors, when in fact probably a blanket requirement for sales tax to be held in trust would probably make more sense, in the sense that it would not discriminate.

What we have proposed here is a potential situation where the tax auditors will cherry-pick on the basis of rumours as to who is in trouble and who is not, and not only looking at who is actually in arrears. So I would like the minister to expand on that point and to tell us how he envisions this new system to function once put in place.

Mr. Manness: I think what the member is referring to is Section 10.1 of the new bill—pardon me, Clause 24 of The Statute Law Amendment (Taxation), and it says, Madam Chairman, this amendment provides the authority to require a vendor to keep a separate trust account for sales tax collections only in special circumstances. It is intended to safeguard tax monies and would only be applied where a vendor has, through late payments of tax or otherwise, become a serious credit risk.

What the member is asking us to do, he is asking us to take the same rules that we might apply to those who for some reason have not been either sincere or not honest or who have not practised businesslike practices, and it has not rendered to the government the sales tax revenues that it has collected from consumers. It is asking us to impose

a system that we might have in mind for them, against all the vast majority of people who do keep good records, who know that the revenue that is becoming to the province has to be remitted to the province.

I would say to him that, before we were to go to that step, to me, that would not be equitable at all, because indeed you are exposing them to some greater activity, some greater bookkeeping activity than otherwise would need be the case. I think it would be foolhardy in this time, when small businesses are undergoing so much bureaucratic red tape, particularly in the areas of taxation, that we would impose upon them another requirement.

It is on this basis that the amendment that we are bringing in by way of the taxation amendment would again focus very specifically on those who have proven that they do not keep their records in a way that is conducive to good business and conducive to maintaining the commitment to the province by way of sales tax revenue that they had entered into when they took their commission.

So, Madam Chairman, that is why I have no difficulty in bringing in the amendment in the fashion that I have, and I would propose not to apply it to everybody collecting provincial sales tax.

Mr. Maloway: Madam Chairperson, I was not suggesting to the minister that this was—I really was trying to get from him his interpretation, his version of how he foresaw this system working. I would like him to expand perhaps on the criterion that they are going to use. How will they decide which business will have to set up a trust fund to keep their sales tax? He has indicated that, if a business is not keeping their records up to date, that will be one of the criteria. That makes sense to me, but what other criteria will the compliance officers use to determine which business or businesses will be required to keep their sales tax in a trust account?

I would also like to know how long the minister expects that a business will have to do that, because this is a sanction, this is a penalty, I assume, for either nonremittance, late remittance or improper record keeping. How long will this penalty be applied to the business? Will it be something that they will have to do on an ongoing basis, or will it be something they will have to do for a short period of time until the record keeping improves?

Mr. Manness: Madam Chairman, certainly in applying the sanction, we are well aware which

businesses in our community are collecting sales tax and, to a lesser degree but to still a large degree, know whether or not they are not remitting.

If we sense there are funds there that have been collected and we send out a notice for them to remit immediately, certainly if we sent out a second notice to remit and they do not, then we will issue this provision and instruction to them. We may not even wait more than providing one notice. I mean, the circumstances dictate that we have to have a little discretion in this area.

As far as removing the sanction, again, discretion will have to rule. I would have to think that, if a business, after a year or a year and a half, show that they were making timely remittances of provincial sales tax, then it would be time for us to begin to review the file. If we were convinced that now good management was in place, then obviously we would want to remove the sanction.

Mr. Maloway: Madam Chairperson, I believe that provides a reasonable answer to the question at this point.

I would like to ask the minister whether—I read some information in the last couple of weeks that I believe the Finance department put out, indicating that a number of businesses in this province were forgiven sales tax arrears that were in arrears for a considerable length of time. There was a list of businesses attached to the list of perhaps one or two pages, perhaps 50 businesses, I am not sure. The amount of sales tax forgiveness was in the neighbourhood of, I believe, \$2 million or a million. Perhaps staff now recognize the article or the notice that I am referring to.

* (2030)

I would like to know why it is that the sales tax department or the Finance department would forgive tax amounts in excess of, I believe it was, \$500 or \$5,000 and not smaller amounts? Why would you forgive companies that are in arrears above a certain level but not those under a certain level? I am just not sure of the criterion here.

Mr. Manness: The Financial Administration Act, Madam Chairman, indicates that I have to take \$5,000 and over to cabinet for a write-off; \$5,000 and under, I have within my powers, within the office of the Minister of Finance, the ability to write them off without going to cabinet and seeking an order.

I have done that, by the way. The \$2 million that the member references, I thought it was a

combination of all those, under \$5,000 and over \$5,000. I may be wrong. I thought those under \$5,000 were in themselves around \$400,000 in total write-offs. Those over \$5,000 were about \$2.1 million, as I recall.

Mr. Maloway: Madam Chairperson, perhaps the minister could endeavour then to provide me with or provide us with an updated list if his previous list is out of date or does not include the total. In other words, if in fact the list was the complete total, the sum over \$5,000 and the sum under \$5,000, then, I accept that as the complete story. If in fact the forgiveness under \$5,000 is a different sum, then we would like that breakdown as well, a total of what that is. I am assuming the minister will do that.

I would like to also ask the minister whether he is aware of any instances where staff in the Finance department have taken university courses that were paid for by the department.

Mr. Manness: The answer is yes. Partial tuition has been paid for some accounting courses, particularly, per the guidelines under the general manual of administration.

Mr. Maloway: Madam Chairperson, perhaps I could finish then by asking if the minister would provide us with a list of—well, I do not know whether you can provide us with a list of the people who have taken these courses, but if you could, that would be helpful, but the types of courses and so on and the extent to which the department would be involved in providing university course reimbursement to members of the staff.

Mr. Manness: Madam Chairman, I certainly can do that for the last fiscal year, if that is the wish of the member. If he has a specific name that comes to mind, I wish he would provide it to me, and I will endeavour to give him some information that would give him greater clarity to his question.

Mr. Leonard Evans: I would like to ask the minister if he or his staff could give us any idea of the potential sales tax revenue being lost through purchases by Manitobans in the United States? Do you have some estimate of sales tax revenue equivalency being lost by these purchases in the United States?

Mr. Manness: Madam Chairman, we have not quantified it within the department. Certainly, we are mindful of the Chamber of Commerce estimates. It seems to me their estimate is \$200 million to \$300

million. We have no way of passing judgment as to whether or not that estimate is accurate.

Mr. Leonard Evans: Well, it seems that in Ontario at least, there has been considerable discussion about this, and there has been co-operation with the provincial government, the federal government, the municipal government and businesses, particularly in border towns, border cities like Windsor.

At any rate, because we are short of time, I want to ask the minister one specific question regarding desired collection of the provincial sales tax at the border and the question of harmonization. Does the federal government still maintain that it would not co-operate with the Province of Manitoba in collecting the provincial sales tax at the border if we did not agree to harmonization with the GST?

Mr. Manness: Well, in essence, I think that is correct. Certainly, the federal government has changed their stance a little bit. They were taking quite a beating from those who said, look, if this is blackmail, if what you are attempting to do is force harmonization, then that is the best form of blackmail one could imagine.

What they are doing now in lieu of that is saying, okay, we will provide you with information with respect to larger items that are purchased in which duty and/or, falling that, federal sales tax is applicable. We will provide you a list of the names and their purchases, and you can then approach in any manner you wish, those Manitobans so as to collect your provincial sales tax. To answer the question, I think the federal government has an alternative to harmonization, but it is one that is difficult in itself also. I think they are taking a different approach but, still, their first wish would be harmonization.

Mr. Leonard Evans: We are prepared to pass this Taxation Division and go on to Federal-Provincial Relations.

Madam Chairman: Item 4.(a) Management and Research: (1) Salaries \$550,000—pass; (2) Other Expenditures \$77,000—pass.

4.(b) Taxation Administration: (1) Salaries \$2,477,400—pass; (2) Other Expenditures \$1,270,500—pass.

4.(c) Audit: (1) Salaries \$3,987,700—pass; (2) Other Expenditures \$460,500—pass.

Resolution 52: RESOLVED that there be granted to Her Majesty a sum not exceeding \$8,823,100 for

Finance, Taxation Division, \$8,823,100, for the fiscal year ending the 31st day of March, 1992—pass.

Item 5. Federal-Provincial Relations and Research Division (a) Economic and Federal-Provincial Research Branch.

Mr. Leonard Evans: Madam Chairperson, as we indicated before the supper hour break, we are very concerned about the potential move toward an independent taxation system. We are on record as being opposed to this, at least as it has been presented in this paper of the Western Premiers' Conference 1991 in Nipawin and also in newspaper reports. As I gather from the news release of the western Premiers, from May 13, 14, 1991, it stated that the western Finance ministers will continue to explore alternatives to the current tax collection agreements, in particular, provincial or regional tax collection systems.

My question then is: What is happening in terms of this exploration of alternatives? Is the government actively exploring these alternatives as the Premiers have indicated?

* (2040)

Mr. Manness: Well, Madam Chairman, I want to recite again for the member exactly the history of this whole area and why we thought one alternative might be a joint tax collection system with other western provinces, again, not at all our first or second or third preferred options.

The federal government administers a flat tax for the three prairie provinces on—and this is important—experimental and temporary basis. The member's government, of which he was a member of the Treasury bench, brought in the 2 percent tax on net income. They did not do that, other than through the countenance of the federal government. That is still experimental and on a temporary basis. The agreement has to be renewed each year. The present arrangements are extremely complex, and the federal government has not permitted changes to simplify or improve the fairness of the flat tax. If these provinces were forced to go back to a simple tax on federal tax arrangement, as I have said many times, our 52 percent rate would increase significantly.

Alternatives within the federal-provincial tax collection agreements were not being considered by the federal government. We approached them with

many alternatives, and all of them or large numbers of them, at least, were rejected.

In light of this situation, all the prairie provinces had to consider their options. They were either to accept more restrictive agreements with federal collection or opt out and collect their own on taxes, the same way as Quebec does with great flexibility and great license, I might add. Under the latter option, it seemed worthwhile to see whether the three provinces could set up a single tax administration, purely for economies of scale. B.C. was also interested. Everybody knew there might be an additional cost. Certainly there would be a great additional cost if the Province of Manitoba was to go on its own. If there was an attempt to regionalize, maybe the economies of scale could be brought forward.

A provincially administered system will not differ that much for the existing system. Income would be determined in the same way; deductions and exemptions would be calculated in the same way. Basically, people would simply copy the amounts from their federal return. Each province would set its own tax rate and its own tax credits and therefore be held accountable. Nevertheless, Manitoba still prefers, and as I have said many times, to remain within the federal-provincial tax collection agreement. As encouraged, the federal government has initiated a serious examination of the issues.

Madam Chairman, that is the issue as it stands right at this moment.

Mr. Leonard Evans: I am pleased to note that the minister recognizes there could be a substantial increase in the costs of administration. In fact that was one of my—I was going to ask him this question, but I do not know whether—he has quantified it. Maybe it is necessary to quantify it if he is giving me his assurance that this is indeed a factor in making a determination.

Most specifically, I wonder, are we continuing to explore this co-operatively with the other western provinces?

Mr. Manness: Madam Chairman, not actively at all at this point in time. The document set out about three weeks ago or a month ago by Finance Minister Mazankowski as to this greater flexibility within the existing system certainly is where we are directing almost our entire focus now. I guess we take some solace from that report, because there seems to be

more flexibility—I will not say offered at this point in time, but certainly the federal government is prepared to discuss more flexibility than some of the provinces even asked for to keep as one in a joint collection system.

Mr. Leonard Evans: Well, I am pleased to hear the minister say that. This flexibility, therefore, if it were forthcoming, would, for example, allow us to continue with a flat tax should that be desired on the part of the provincial administration or whatever. That is the example the minister himself utilized.

I can think of a lot of reasons why an independent system would not be very good. You could argue that there are some advantages. Certainly you get ultimate flexibility, and certainly there is more accountability. On the negative side, not only is there probably increased administrative costs, but then there is the whole question of how does that impact on federal transfer payments, and I am not sure about that.

Thirdly, there could be a loss of federal revenue department jobs, because as I understand it there is a large regional office here with hundreds of people employed not just servicing Manitoba, but servicing western Canada or part of western Canada.

At any rate, I would like to ask the minister related to this. There was another statement here and I will just read the one sentence in this Nipawin press release: "Premiers directed Ministers to examine the additional transfer of fully equalized tax points to finance health and higher education."

Can the minister make a comment on where this is at?

Mr. Manness: Well, this is a very complex and complicated area. I guess it takes its genesis from some of those who are wondering where our shared-cost systems are really heading, because of the fact that governments tend to blame each other—I am talking about senior levels of government now—for their problems. It seems to be mired down in slow change between programs and, of course, all the pressure brought to bear with a lack of resources.

There is a thought process developed not by Manitoba, but by some as to whether or not greater clarity should be given to programming in support of the needs of our citizens, as to whether or not there should be greater disentanglement—to use a word. For instance, we just moved into another

shared-cost system in Agriculture with great complication and complexity purely because there are three partners involved. Everybody knows the more people you have involved, the greater complexity you have in administrating and offering services.

So there was kicked around—particularly at this time when you have major discussions around equalization formulas and whether or not they accurately reflect the tax earning capabilities in the provinces, whether or not the scale of five provinces is sufficient measuring the wealth of the nation, whether or not an open-minded futuristic approach should be taken into account which might try and separate the responsibilities, see whether or not you could make clear the lines of responsibility.

Of course, with that indeed if the provinces were to pick up some greater share of some field and there was never ever—of course, opposition parties of the day here in the House would like to portray the government of Manitoba being prepared to accept greater health or funding responsibility, but nothing was further from the truth. There are areas of overlap and redundancy in a number of areas outside of health, outside of social services where there could be disentanglement brought into bear.

Now, if the provinces no longer are asked to carry a greater responsibility in some areas and they do not have the funds to do it, then one way of giving them those funds was to make sure that they got not only more tax points, but more importantly than that, that they were equalized tax points, so that for instance a single income or corporate tax rate in Alberta would raise ever so much more than in other provinces including Manitoba. If anybody was going to buy into that type of system, obviously, on a per capita basis the value that we receive from a tax point would have to be the same as any other province in the land. It is purely a notional idea. It is purely one steeped in philosophical argument and, certainly, right now at this point in time is not being seriously pursued.

Mr. Leonard Evans: Again, in the interest of time, we will not pursue this because we could discuss this at some length and what the ramifications might be for this province.

Just a quick question though, in this same paper, the paper that was released entitled Report of the Western Finance Ministers, 1991, there is reference to a federal government review process, and they

suggested a release of a public discussion paper in the spring of 1991. Has that been released? Is this what the minister was referring to when he mentioned Mr. Mazankowski?

* (2050)

Mr. Manness: This is the release that came out in June, and certainly, this is where many Ministers of Finance, certainly including yours truly, were pushing very hard to try and develop some co-ordination around all these tax issues, because we believe that if the provinces are not going to try and help their own fate in a collective sense—and this is not just asking for more money, this is just trying to bring in greater balance, what it is we are doing across provinces—then we are certainly doomed. We asked the federal government on our behalf to try and give us a better understanding of ourselves and their role in our taxation problems and our revenue generating problems and this is part of the effort.

Mr. Leonard Evans: I gather this is a public paper it refers to. I wondered if it is possible for the minister to help me get a copy and send it to me some time.

Mr. Manness: Yes.

Mr. Leonard Evans: Okay, thank you. Just another question—again, I am going to leave this—on harmonization. The matter is still being analyzed, I believe, by the department, by the minister, and you indicated in Question Period in the answer to one of my questions on July 19, that you are in the process of analyzing this matter. You are in the process of hearing representation from the community, formally and informally, on both sides of the issue, and ultimately the government will make its choice.

In other words, this matter is being reviewed. I was wondering what kind of representation you are hearing, or have you not set this up yet, but I gathered you were doing this.

Mr. Manness: We have chosen not to go the task force route. We have chosen not to go the public hearing route. We have chosen to hear representation in my office of government. We have chosen to receive written presentations as they come forward.

I can say, as I said in that answer, that, in itself, would give a pretty broad indication the government as of today is not bent and very quickly moving along the harmonization path. However, there is much

representation that continues to be made on both sides of the issue to the government. As I stand before you today, certainly, there will be no surprise announcement made over the course of the next number of months.

Mr. Leonard Evans: If I could just comment, I would think that hearing groups and delegations on an informal basis in a minister's office may succeed in one sense, probably would accommodate business groups, organizations, that have a very direct interest in this matter. I would suggest that the general public, consumers, would not be well represented in this process, and this is where a public hearing process is certainly much more fair and more open.

As you can imagine, the consumers of this province would not be very happy with the implementation of a harmonized system. As I noted in my question the other day, the Saskatchewan government has made the case that it does help with economic growth. I believe that is some sort of a convoluted conclusion. I just cannot understand how that could be, but, at any rate, this was a statement made by the Saskatchewan Minister of Finance when he brought his budget down earlier this year.

I would like to ask the minister if he could elaborate on his statement the other day when he said, there was not a significant amount of money to be brought in. I suggested that Saskatchewan, after a full year of operation, they would be netting about \$181 million. The minister indicated, well, it is nowhere near that amount, much less. In fact, to quote: It is not a significant amount of money because of the input system. The tax credit input system that would be in place would necessitate major credits, particularly to businesses.

I wonder if the minister could elaborate on that. Can he not give us any ballpark figure on what kind of net revenue we are talking about?

Mr. Manness: Madam Chairman, I could. I am reluctant to because I do not know how the member is going to use those numbers.

As I have said to many—I mean, a good friend of mine who is an editor in one of my local newspapers feels that if we harmonized, we could possibly drop the sales tax rate by 1 percent to 2 percent. I asked him on what basis he makes that judgment and he just says, well, it has to be there.

Well, I am here to tell you it is not there. I am here to tell you that if we did nothing else and just harmonized, the saving would be a fraction of one point. When I tell him on the record that it would be awash, I am pretty close to the truth. Actually, it is the truth.

You may wonder why and the reason is we have such a very broad base right now. If we were to implement—which we would have to if we harmonized—the very same tax credit system that the federal government has in place, it would cause our businesses, who, of course, are taxed very heavily because all their production machinery is taxed and all their inputs are taxed, particularly production machinery, whereas in Ontario, that was not the case, and in some other provinces, that was not the case, and in Saskatchewan, they did not have the tax on clothing to the same extent we did. -(interjection)- That is right, restaurant meals and all that. They brought in that additional revenue, whereas that revenue is already coming to Manitoba.

When we provide tax credits to businesses in the same fashion that the GST would do, we would see a significant amount of revenue lost on that side, and the additional revenue coming in purely from the consumer side would be about that same amount, maybe a little bit more. The point I am trying to make is that in a pure revenue sense, Manitoba would not gain significantly, if at all, under harmonization.

Mr. Leonard Evans: I hope that finally there will be no move by this government to harmonize. I hope the minister is persuaded that it is not in the public interest; it is not in anyone's. It is certainly not in the government's interest to do so.

There were a number of articles written on this or a number of comments made by various tax experts on the whole matter of harmonization, and we could have some debate on some of the points that they are making, some of the conclusions that they have come to. In fact, one school of thought is that if a province harmonizes, it loses retail sales taxes as a fiscal policy tool. We could explore that if we had time, and I have the quotations here from, I have forgotten who it is, some tax expert.

At any rate, you know, we are totally against the harmonization process. The minister has indicated other reasons why, apart from additional burden on the consumers, the government should not go ahead. As I said, Saskatchewan has argued that it

will help economic growth, and I do not understand that argument, but I am not going to take the time to explore that or discuss that with the minister, again, because we are running out of agreed-upon time.

I wanted to ask a question about the Fiscal Stabilization Fund, and I do not know really whether this is the appropriate place to ask it but we could. It seems to me we have depleted quite a bit of funds from the Fiscal Stabilization Fund, and I am just wondering, where does it stand now on a net basis. How many dollars do we have in that particular fund?

* (2100)

Mr. Manness: It seems to me, Madam Chairman—and I have not released yet the year end for March '91. I just signed a statement, I think, here a few days ago, but it seems to me that at year end, we will show in that account roughly, do not hold me to this, \$120 million to \$130 million. Seventy-seven million of that is unusable. Seventy-seven million of that is as an equivalency to the value of the Repap shares, so as of March 31, 1991, it seems to me that to be able to be used in a cash sense is roughly \$50 million to \$60 million.

Madam Chairman, my next staff member just outside the door waiting, probably has the exact number.

Mr. Leonard Evans: It seems to me that the origin of the fund probably came from some unexpected revenue that the minister found or his department found, and they decided to put it into a particular fund. I am wondering, given the fact that there may not be any other windfall revenues kicking around that might be available to be put into this, is the minister going to pursue this matter? Is he going to continue to search for pots of revenue, pots of money that he could find to put into this fund for the future?

* (2100)

Mr. Manness: Madam Chairman, I am turning over every stone, and under one of those stones, I may find, you never know, an extraordinary revenue source that may allow me to supplement the Stabilization Account.

You know, a lot of debate happened over that account. Some said we were going to use it for a slush fund, and some said we were going to pull at it at will. Hopefully, we have demonstrated one thing, and that is that we have not abused it. Some provinces have; we have not. I fully recognize that

the source of the funding, yes, was some untoward windfall revenue, and that is great, but we have used it in a way it was meant to be used. I only hope that governments in the future use it in the same way. We are hoping not even to drain it completely for the next budget, but ultimately, our revenue projections will be the determinant on that.

Mr. Leonard Evans: I agree with the minister. I think some—this is not a new idea. I know it exists in B.C.—(interjection)—They borrowed from you?

An Honourable Member: From somebody else.

Mr. Leonard Evans: From somebody else. Well, in B.C., it has a very poor reputation. Unfortunately, for the B.C. government, it is called the Budget Stabilization Fund, otherwise known as the BS fund.

Well, it remains to be seen what will happen to this fund. I know the minister talks about some ideal situation where he can even out his bottom line in his budgets. Of course, if we lived in a faster-growing economy or an easier world of taxation and revenue, ultimately you should do this with your whole budget. In other words, in some years, you should deliberately have a deficit to offset a recession and, in other years, deliberately have your surpluses pay off the previously accumulated deficits, but this is in the ideal world. In some senses, the Fiscal Stabilization Fund sort of resembles that.

Again, we are constrained by time. I will just confine—I do not know whether the leader of the second opposition party has additional questions. I just gave you notice that my last question or set of questions deals with the MDS and its successor, and maybe that should be done under your salary.

Mrs. Carstairs: I have to say that the minister's statement about the fact that a harmonized sales tax would not result in any additional revenue sounded very much like Michael Wilson's GST revenue-neutral concept which we have learned, of course, is not the least bit revenue neutral.

I just have one question in this particular area, and that is that the minister mentioned in his discussions vis-a-vis the economic meetings with the western Finance ministers that they are talking about—and I mean collectively they are talking about what they sometimes call disentanglement, sometimes call duplication of services. This is a very critical area because, as we get into the constitutional discussions, one of the issues that seems to be coming more and more to the fore is the concept of

redistributing the powers in Sections 91 and 92 of the Constitution so that there will be no duplication.

Is there any research going on in this department, or any other department that the minister is aware of, but I would think it would be here, that would identify clearly just where this duplication exists? We hear about it, but nobody has been able to come forward and say clearly to me—and I had a meeting with some MNAs in Quebec—which is, just where is all this duplication taking place? Where are the federal-provincial dollars being abused, if you will, with overlapping of programs?

Mr. Manness: Madam Chairman, the member asks a very good question, and unquestionably, some of us have been saying now for over a year that the road map to the constitutional issue, indeed the unity issue in our Nation unquestionably will have many signposts that will be very, very much economic in nature, I would dare say almost every one. Ministers of Finance have been—and although we did not say it that clearly, I did not say it that clearly in the House—on this path now for a year, a year and a half.

There are three major releases which are going to come in the month of September. Two of them have drawn a profile; the third has not. Firstly, I believe the federal government is going to lay before the people of the nation its views on the unity issues and where it sees Canada going. Secondly, Michael Porter, in conjunction with the Business Council on National Issues, is going to release a major report, a report card on Canada and all its institutions and all its economic—well, what is the word?—vision and lack thereof, an outside assessment from an American economist who has done this for many other nations of the world and, thirdly, something that Ministers of Finance provincially have been after the federal government to do for two years, and that is lead and tell us all about the cost of governing.

As many of us who have made representation to Michael Wilson formerly, and now Don Mazankowski, the federal government has a role to help us try and find a—and I hate to use the word “cheaper” but a more reasonable way of providing services to our people because, right now, we have competitiveness as province versus province. We have one province trying to outdo the other. We have the provincial governments trying to step into federal matters. We have the federal government trying to step into provincial matters, and the

taxpayer and ultimately the consumer of services that governments offer are getting sick of it. To that end, this study on the cost of government in my view will be very significant, and it is where the provinces are coming from.

We have provided, for instance, plenty of examples to the federal government as to cost duplication. You have it in the area of Natural Resources in some cases, in parks. You have it now in Agriculture, the latest. You have had it for a number of areas in the social fields, but you also have it in Native services. You have it in the Core Area Initiative, to use an example, and through it all the taxpayer is saying, we have had enough. We do not know who to blame when things go wrong; we do not know who to compliment when things go right; we just do not know who is responsible. They want a clear definition of who is, and a clear accountability so that they know, so that they can, through their vote, if nothing else, say to all of us, you are doing or you are not doing the job that we asked you to do.

Madam Chairman: Item 5.(a) Economic and Federal-Provincial Research Branch: (1) Salaries \$861,200—pass; (2) Other Expenditures \$279,200—pass.

5.(b)(1) Salaries \$242,000—pass; (2) Other Expenditures \$43,800—pass.

* (2110)

Resolution 53: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,426,200 for Finance, Federal-Provincial Relations and Research Division, \$1,426,200, for the fiscal year ending the 31st day of March, 1992—pass.

Item 6. Insurance and Risk Management: (a) Salaries \$170,800—pass; (b) Other Expenditures \$14,200—pass; (c) Insurance Premiums \$1,871,000—pass.

Resolution 54: RESOLVED that there be granted to Her Majesty a sum not exceeding \$603,000 for Finance, insurance and Risk Management, for the fiscal year ending the 31st day of March, 1992—pass.

Item 7. Treasury Board Secretariat (a) Salaries.

Mr. Leonard Evans: Just a question in this area. Again, I repeat, we could be on some of these topics for days, as the minister knows, as we were last year. I think we were about two and a half weeks before we concluded. So I will just ask one question

in this area, and that is the attempt by the government to engage in long-term fiscal planning, and I understand it is the Treasury Board Secretariat who is charged with assisting with long-term fiscal planning. I wonder if the minister could comment, is he satisfied with what has happened so far? I mean, the most difficult job of an economist is to engage in forecasting, and therefore one should ask to be a long-term forecaster rather than a short-term forecaster, because you may not be around to answer to why you were wrong in your long-term forecasts.

I just wondered if the minister could comment on the success or otherwise of this multi-year budgeting framework that he is working on.

Mr. Manness: Well, Madam Chairman, our systems of trying to forecast into the future have not changed an awful lot. I take some pride in that this budget we brought down two-year forecasts, out to '93-94. I do not know whether I will be able to stretch that out much further. As I have said on other times, we do not have a great degree of sophistication and model forecasting within the department.

We have certainly, Mr. Steve Watson, who is now an economist within the division that we just passed, Fed-Prov. He certainly looked at some parameters of revenues and has certainly done some trending. But beyond that, Madam Chairman, we have not built the model nor do we have the resources to build the model. Quite frankly, I wish we did, but we do not.

Mr. Leonard Evans: Just to comment again—I do not have the information right in front of me—but, by way of example, of the difficulty of trying to get in two-, three-, four-year planning or budgeting, part of that is estimated revenue. I do not believe you anticipated it a zero revenue growth this year. So do you just use that as one example? The revenue—you would suggest a different revenue scenario, I do not know whether you suggested a zero revenue situation or not, but the fact is that this is what you are looking at, a zero increase in revenue. This is what you are looking at this year, I believe.

I was commenting on the difficulty of projecting a few years into the future and in terms of where you would be with your deficit or surplus or whatever the case may be. One element is the revenue and I do not believe you necessarily anticipated zero growth

in revenue, for example, which you are experiencing this year. I mean when you mentioned last year's budget, as I recall, you depicted various scenarios, but I do not know whether you really believed that you would be dealing with a zero revenue growth situation.

Mr. Manness: Madam Chairman, the member is so absolutely correct. I mean, traditionally, up till the last two years, governments would always start with the belief of a 5 percent—no, they believed that revenue probably increased at the rate of economic growth, not real nominal growth and that would be somewhere between 4 percent and 6 percent. I mean that would be the minimum, while little do we know when we were coming to government that we were going to have two years of more or less zero. So had we used the model, we would have made some terrible mistakes because I cannot imagine a model that would ever plug in zero.

I would just like to correct one fact I put on the record, Madam Chairman. I said, I thought there would be roughly \$50 million as of the end of this fiscal year because we are going, as I said in the budget, be prepared to draw \$125 million out. I was in error, cash would be roughly \$80 million at the end of March '92, excluding the \$77 million in the value of the Repap shares.

Mrs. Carstairs: I just have one question with regard to the Estimates process because we are very short of time and that is: What monitoring goes on with regard to Treasury to kind of highlight departments that seem to consistently overbudget in terms of what they then expend?

Mr. Manness: Madam Chairman, that is a tough question. Certainly, within the departments that lend themselves to monitoring on a monthly basis, Treasury Board certainly has a pretty fair grip of situations—and the Minister of Natural Resources (Mr. Enns) will attest to that.

We have other departments whereby the necessity of the budgeting technique we build in volume increase. We can talk about Pharmacare; we can talk about home care, and we make certain assumptions. For instance, Pharmacare, I think, we put a volume increase in last year of 5 percent. We threw in a price increase of drugs at 12 percent because that is what the trend had indicated. We had no better information with which to work, and we took those two numbers and came out to an increase of 10 percent. Well, one of those two did

not materialize, and I think it was the volume increase—did not happen. The price increase of the drugs did.

Now, home care, we looked at the trend growth. We assumed that it was going to continue in some fashion uniformly across the province, and in some areas, in some districts, it did not increase at that rate. -(interjection)- Well, it did not increase at that rate. That is what we see, and I guess the point I want to make is that, once you get to health and once you have divested some of your main controls, like governments in the past have done with respect to health, and put them in the Health Services Commission, particularly when basically \$1 billion in one cheque transfers from the Minister of Health over to Health Services Commission, you lose some degree of accountability at the Treasury Board level quite obviously.

Still, more importantly than losing a little of the accountability is still the very basic assumptions that you build into the Estimates in the first case. They are volume related, and that is a guess, a shot in the dark. I remind, at least, the Leader of the Liberal Party that, when you are out 1 percent on a \$1.7 billion budget or you are out 2 percent, and so it amounts to \$25 million or \$30 million, you have not done a bad job of budgeting. Naturally, you would like to be out none, but you have not done a bad job of budgeting.

Madam Chairman: Item 7.(a) Salaries \$2,242,800—pass; 7.(b) Other Expenditures \$287,900—pass.

Resolution 55: RESOLVED that there be granted to Her Majesty a sum not exceeding \$2,530,700 for Finance, Treasury Board Secretariat, \$2,530,700, for the fiscal year ending the 31st day of March, 1992—pass.

Item 8. Tax Credit Payments.

Mrs. Carstairs: Yes, I just have a very quick question. Does the minister have any idea what was given out in tax credit payments for political contributions in 1990-91?

Mr. Manness: The Supplementary shows approximately \$1 million.

Mrs. Carstairs: I do not think that is accurate, Mr. Minister, and I would like some clarification some time in writing because just going through the political party donations for 1990, quite frankly, the tax credit bite would be bigger than that. So, if you can give me a figure at some time in the future.

Madam Chairman: Resolution 56: RESOLVED that there be granted to Her Majesty a sum not exceeding \$254,900,000 for Finance, Tax Credit Payments, \$254,900,000, for the fiscal year ending the 31st day of March, 1992—pass.

Item 9. Public Debt (a) Interest on the Public Debt of the Province and expenses incidental thereto \$1,191,200,000—pass; (2) Interest on Trust and Special Funds \$121,900,000—pass.

(b) Less - Amounts of Interest and Other Charges (1) Manitoba Telephone System \$61,100,000—pass; (2) Manitoba Hydro \$297,500,000—pass; (3) Manitoba Housing and Renewal Corporation \$48,500,000—pass; (4) Manitoba Agricultural Credit Corporation \$28,400,000—pass; (5) Other Government Agencies \$7,300,000—pass; (6) Other Loans and Investments \$152,300,000—pass; (7) Sinking Fund Investments, \$225,000,000—pass.

Item 10. Expenditures Related to Capital.

Resolution 57: RESOLVED that there be granted to Her Majesty a sum not exceeding \$1,300,000 for Finance, Expenditures related to Capital, for the fiscal year ending the 31st day of March, 1992—pass.

At this time, I would ask the minister's staff to please leave the Chamber.

Mr. Leonard Evans: Madam Chairman, as I indicated to the minister earlier, I had a number of questions about the Manitoba Data Services, its successor STM and the new combined corporation that has come into existence involving STM, I think—is it?—Westbridge from Regina and IBM. I wanted to know what was happening to the job expansion promises made by STM when it purchased MDS. I believe the minister indicated this in his announcement of March 15, 1990, that there were going to be new jobs created by this privatization move, 220 high-tech computer jobs. Just where are we with that estimate?

Mr. Manness: That was in the context of the year 1994-95, I believe. The first hurdle, the first trigger point in time, I believe, is in 1992—I cannot recall for sure, I believe it is somewhere, March, May, and it is my belief, certainly in talking to the senior people of IBM Canada which is basically the company that is going to run the new Westbridge configuration, that they will honour the agreement and the contribution of additional staff numbers that were

part of the covenants entered into by STM. They will honour those agreements.

At this point in time, we believe we are very much on course and just delighted that now western Canada and, in particular, Manitoba has a major role to play in the whole new integrated information systems technology that is obviously going through a period of rationalization at this point in time.

Mr. Leonard Evans: We will wait and see what happens, Madam Chairperson. Regarding the head office location, the minister said he has been assured that the head office will remain in Winnipeg, but to what extent is this going to be an operational office as opposed to, say, a legal office, sort of a storefront type of head office? How can the minister be assured that we are going to have the real operational head office remain in Winnipeg?

Mr. Manness: We have the very same assurances as the time when we sold MDS to STM. I remind the member that STM's functional head office was basically in Toronto which ran their Ottawa operation, eastern Canada operation and Manitoba. STM Manitoba, all of their activities, though, are run out of Winnipeg and that will continue. We have an agreement whereby we will provide a base \$32 million of work activity to old Manitoba Data Services, old STM and now new Westbridge. To maintain that, they have committed to having a head office serving that in the province of Manitoba. Nothing will change.

As far as the new entity, for the time being, I am told that the Westbridge head office will be in Regina. That is the notional head office. I still think that the functional control of the new organization very quickly will be somewhere else other than Regina. That is my view of the matters at this time.

Mr. Leonard Evans: I am a bit confused, and I do not know whether I heard everything the minister has stated, but the STM—I thought STM, as such, no longer existed. It was merged with the other two, and therefore we are talking about a new company called Westbridge. -(interjection)- Okay, that is fine, but the new Westbridge head office is in Winnipeg—

Mr. Manness: The new Westbridge is in Regina.

Mr. Leonard Evans: The new Westbridge is in Regina, so what is left in Winnipeg?

Mr. Manness: What is left in Winnipeg, however Westbridge organizes their share and their divisions, will be a head office dealing with the Manitoba concerns, no differently than the way

ISTM let STM organize their corporate affairs, so that the head office was left in Winnipeg. We have been told and assured, and again confirmed by IBM, that nothing will change with respect to the head office in Manitoba and the activities over which it is in control.

Mr. Leonard Evans: I do not want to belabour this really, but STM, I thought, no longer existed, but now you are saying, I gather you are saying—

Mr. Manness: ISTM does.

Mr. Leonard Evans: ISTM does. Okay, so ISTM will have its head office in Winnipeg. No? I am not trying to confuse the matter. I am trying to get some clarity on the matter.

What I had understood was that the combined company, because our successor to MDS, STM, had been merged with that company, and now you are saying that the merged company does indeed have its head office in Regina. What is there left in Winnipeg if STM has been merged in with the Westbridge company?

* (2130)

Mr. Manness: Madam Chairman, ISTM, International Semi-Tech, sold their whole information technologies, the service bureauing side of their business to new Westbridge. That just is not Manitoba. That includes all of their Ontario operations which were very, very large, and that structure, the head office for Ontario servicing Ontario and the head office of Manitoba in Winnipeg servicing Manitoba, under that whole sale to Westbridge, is still intact.

Now, the corporate headquarters of the new Westbridge is in Regina, but the operational head offices that were in place previously are still in place today. Nothing has changed. The operational headquarters of ISTM used to be in Toronto. It still is, but now a new Westbridge has now taken control of ISTM in Toronto which in essence is the new corporate entity.

Mr. Leonard Evans: What about the construction of the new building that has been promised? Can the minister update us on that?

Mr. Manness: I am led to believe that an agreement of intentions has been signed, and I think that the member will begin to hear public announcements with respect to buildings, if not in the month of August, certainly in the month of September.

Mr. Leonard Evans: I in the past raised concern about the rates being charged by the private company to the government of Manitoba. Is the government closely monitoring the rate charges by this privatized company, and is it being done by ISSB?

Mr. Manness: ISSB no longer exists. It has been replaced with something called information technology organization. It is housed within the Treasury Board Secretariat. It is being monitored closely.

I can stand here in all certainty and suggest to the member that the rates that we are receiving from old STM, now new Westbridge, certainly are in keeping with discounts that were provided in the contract, which reflect what is happening within the industry outside the government.

Mr. Leonard Evans: Two questions—can the minister, and he can take it as notice if he does not have it now, indicate how much we have paid to either STM, or the new Westbridge, or combined, I guess, in the past year? What have we paid for these computerized services? Could he give us an idea of that?

Mr. Manness: In the first full year of operation, we had guaranteed a base of 32, and once all the departments added up what it is they had purchased in computing time and services, it seems to me the total came to close to \$36 million.

Mr. Leonard Evans: The minister has a representative on the board of the new Westbridge. Can the minister tell us who it is, and does he get—I imagine he gets constant or continual reports from that representative?

Mr. Manness: Madam Chairman, we are seeking that person right now in the business community. The person who we would like to have asked to do it, who was very involved in the divestiture of Manitoba Data Services, one Rod Pennycook, who was the chief programmer and indeed the vice-president in charge of systems of Great-West Life, unfortunately cannot sit as our board member. We feel badly about that, because he brought a continuity of all of the events to this point in time. So we are approaching certain individuals in the community at large to determine their willingness to sit on that board on behalf of the Province of Manitoba.

Mr. Leonard Evans: So, in other words, it will not be a government employee, but you are looking for someone in the private sector?

Mr. Manness: Not necessarily.

Mr. Leonard Evans: Not necessarily so. Well, I presume there will be an announcement, will there, when this person has been selected?

Mr. Manness: They all are.

Mr. Leonard Evans: Fine. Thank you.

Mrs. Carstairs: Madam Chairperson, I just have a comment. The minister, when we were talking about affirmative action, went through and said that he had 52.5 percent female employees. I then specifically asked him the number of female employees above administrative staff. He told me five. That is 2.2 percent in his department, and I can suggest that we will be looking for an improvement next year.

Madam Chairman: 1.(a) Minister's Salary \$20,600—pass.

Resolution 49: RESOLVED that there be granted to Her Majesty a sum not exceeding \$983,500 for Finance, Administration and Finance, for the fiscal year ending the 31st day of March, 1992—pass.

That concludes the Estimates for the Department of Finance.

SUPPLY—HIGHWAYS AND TRANSPORTATION

Madam Chairman (Louise Dacquay): Order, please. Will the Committee of Supply please come to order. This section of the Committee of Supply will be dealing with the Estimates for the Department of Highways and Transportation.

At this time, I would ask if the Minister of Highways has an opening statement.

Hon. Albert Drledger (Minister of Highways and Transportation): Madam Chairperson, it is a pleasure to present the Estimates of the Department of Highways and Transportation to the committee. This is sort of an unusual role for myself to be at the tail end of the Estimates process. Normally, I have had the pleasure of having them up early and appreciated that as well.

However, I have a few areas that I would like to highlight for the critics in terms of the Department of Highways and Transportation, and I want to indicate that I will try and keep my remarks relatively brief. I

do not have a prepared statement. I just want to highlight some of these things. I know that the critic of the Liberal Party has been asking for a printed document. I do not have one, so he will have to take it the way it is.

The order in which I will be making reference to some of the issues within the department, I will try and have them documented, but that does not mean that it covers all the issues but some of them that basically I am faced with in my department. The order is not necessarily the order of importance in which I will be bringing them forward.

* (2140)

I would just like to highlight starting with the air bilateral agreements that are in the process right now between Canada and the United States, the open skies policy that is under discussion at the present time. I want to just indicate to the members that at the time when this came forward, we took our time in terms of bringing forward a position.

We were criticized to some degree for not having a definite statement right off the bat, but we chose the route to take and consult with all the people within the industry, getting feedback from them and then presented the position of the province of Manitoba in terms of how we felt that the agreement should go.

We just want to indicate that we put forward, I think, in our view, a relatively strong position that unless there was an improvement on the existing agreement which we think is not a good agreement, that we would not be supportive of it.

I want to indicate that the discussions are going on, and I have a member of my staff, Roland Savoie, who is very qualified in terms of the air activities, attending all these meetings and keeping me updated in terms of what is going on. I think I had presented to the members the position paper that I have forwarded to the federal minister. I think I made that available to them, so they know what the position was in that regard.

I also met personally with the federal Minister of Transportation and indicated our concerns, that unless a better deal could be struck, we would not be supportive of it, because at the present time, American carriers basically carry, I think, over 60 percent of the traffic out of Canada into the States. We raised this very strongly, and we also indicated that we did not support cabotage, where the strong American carriers could come into Canada and start

carrying from Toronto to Vancouver. This kind of concept was not available. We can go into details later on. I just wanted to highlight this, that this is one of the areas of concern that we are dealing with at the present time.

The other area is the trucking deregulations. When I had the privilege of becoming Minister of Highways and Transportation, a memorandum of understanding had been signed by all provinces in Canada with the federal government in terms of trucking deregulation. I want to indicate, with all due respect, that the previous administration put forward a very strong position indicating that there should be a five-year term in terms of deregulation to allow the industry in Manitoba to adjust to this.

Madam Chairperson, we have followed on that course, and I think that because we are an exporter of transportation services that—we had no difficulty with the position that was taken by the previous administration and followed through on that. Actually, trucking deregulation will officially be completed by December 31, 1992, so we have approximately a year and a half left until the industry is totally deregulated.

The positions put forward by the previous administration and followed up by ourselves continually was that there would be problems in the trucking industry unless many of the conditions were met and to provide some safeguards for the industry, especially the owner-operators. We have put that forward very strongly, and we have seen the results of what happened because of the trucking demonstrations in Ontario as well as in B.C.

We have not had those kind of demonstrations within our province here, and we have put forward some very strong positions in terms of—my chairman of the Motor Transport Board was chairing a committee which had hearings and has been discussing, with the owner-operators, the impact of the disadvantaged position that our truckers have versus the Americans. This is what part of the demonstrations have been all about.

Madam Chairperson, I am just highlighting some of these things because I wanted to bring forward some of the issues that, by and large, are the problems that are, you know, faced within my department. The other thing, of course, is the fact that, when our budget announcements were made, at that time, it was indicated that the government of

the day had made decisions to transfer 2,000 kilometres of PRs back to the municipalities.

We are well on course with terms of that happening, and I have indicated, when I attended many of the regional meetings, seven of them, I attended five of them—went out and faced the municipalities and told them the reason why the government did that. Part of it was because we had made a decision that Health, Education and Family Services would not be cut back in their expenditures and, because of the fact that we have a pretty expensive GRIP and NISA program for the agriculture community, some of the other departments would have to pick up some of the slack.

My department as well as others have taken some pretty serious action and suffered the consequences of that kind of action and have had to cut back in terms of some of the services provided. One of them, of course, is the transference of 2,000 kilometres of PRs to the municipalities.

This system was established in 1965, and at that time, from 1965 on, approximately well over a thousand kilometres have been added to the PR system. However, at the present time, we still have 5,000 kilometres of PRs that have not been upgraded, and we have 3,000 kilometres of PRs that have less than 100 vehicles a day. At the present time, our system consists of 19,733 kilometres of PTHs and PRs, the PTHs being the provincial trunk highways, which are the major arteries, and the PRs being provincial roads.

The PTH system consists of 7,353 kilometres, and the PR, the provincial road system, consists of 12,380 kilometres. Our statistics show that 77 percent of the traffic in the province travels on the PTH system and 23 percent travels on the PR system.

The fact that we have 5,000 kilometres that have not been upgraded and the lack of traffic on some of the PRs, my feeling has been, and I have indicated this publicly, that at the time when the government took over the system, they were rather overambitious, that really maybe they should not have taken over as many roads. We have ID'd on a map, and it seems that certain areas have more PRs that have less than 100 vehicles a day than others.

What we did finally, we established a criteria in terms of how we would do this. Madam Chairperson, when I appeared at these meetings and faced the municipal people, I never denied the fact that this is an offload to the municipalities. I also explained that, by doing this offload, the position that we have taken as a province, in terms of rail line abandonment, we have always said together consistently with the other three provinces in western Canada that, where they do a rail line abandonment, there should be an upfront compensation for the communities for the provincial government, municipalities and communities.

This has never been accepted by the federal government, but I want to indicate that we have offered a relatively good compensation package to the municipalities to the tune of \$6.1 million that we are paying them on a kilometre basis. In terms of IDing which roads to turn back, we used seven areas of criteria and the UMM executive raised a few more with me, but the ones we basically used to start off, and I would like to put them on the record, Madam Chairperson: No. 1 is that each RM, rural municipality, and local government district is required to provide its fair share based on proportion of system in the RM or LGD compared to the total system mileage; the second criterion was, preliminary candidates of roads to be turned back should be least important sections within each jurisdiction, normally measured by lowest traffic volume; No. 3, maintain route continuity with the remaining system; four, provide access to communities with a population of 50 or more; five, provide access to provincial government campsites and parks; six, ensure a reasonable spacing to the remaining PTH system or PR system so that you do not have a big block where there is not a provincial road in between; and No. 7, retain roads judged to be important to the system.

* (2150)

When I spoke to the R.M.s indicating the reason why we did it and quite clearly that we used to do it, I indicated to them that I did not expect them to like what we were doing in terms of turning back provincial roads, but I wanted them to admit that the system that we developed was a fair system. We wanted them to agree, as executive, that the process we used that everybody share in the pain—now, by doing that, what happened is that some municipalities do not have roads where they do not have 100 vehicles or less, so some of the

roads—if we look at East St. Paul, for example, a small portion of the road that we turned back has 2,000 vehicles a day, but we felt that everybody should carry a fair share of the load.

That was the criteria that we basically—because how else do you do it? Otherwise, we would have isolated certain municipalities, possibly the less well-to-do municipalities, and would have given them an unfair share of this thing.

Now what we have done, as I indicated, once we felt that we had a fair system established, we established a compensation package. As I indicated before, the compensation package consists of \$6.1 million that we will be paying to the municipalities, based on \$3,500 per kilometre for unimproved roads. We pay them \$2,000 per kilometre for roads that we have built up, and we pay them \$1,500 for roads where we have, let us say, asphalt or base and AST, which is almost the same thing.

The payments would take place—two payments. The first payment: the municipalities are requested to take over the roads October 1 of this year and the payments would take place April 1, 1992, which is the first day of the fiscal year coming up. Half of it would be paid then. The second payment would be April 1, 1993.

That is the proposition that we put forward to them. I have to indicate that in most cases, you know, nobody likes us, and I have indicated that we are offloading to the municipalities, but we are offering them a compensation package.

I also believe that in many cases the municipalities will be able to maintain these roads at whatever level they want to, because we have certain levels and criteria that we established for the PRs. They can maintain them as they want to, and we feel that they probably can do it cheaper than we do it at the present time.

I have a lot of correspondence and many indications of unhappiness by the municipalities and I accept that, but this is a government decision, and I have indicated to them it is not a debatable question. It is a matter of seeing whether we do it on a fair basis.

Now my bureaucrats, by and large, are the ones that have established the system, and I have indicated to the municipalities that if there are circumstances or things that affect it, that if they are

not happy with that, I would be prepared to discuss it.

We have 114 municipalities and we have 11 local government districts, and it would be virtually impossible for me to meet with all of them and debate this issue with them between now and October 1, when it is taking place. The decision was made that I would have a mediator who would go out and meet with them all, those that wanted to meet and had alternatives to offer.

I think members are well aware that Doug Gourlay is the individual I have appointed and I have tabled the contract that I have signed with him. I pay Doug Gourlay, who I think is very qualified, who used to be a Minister of Municipal Affairs and has a good relationship with municipalities, is in my view a very qualified individual—I have appointed him at \$150 a day plus expenses and he is going out and contacting each municipality. The process is well in place, and he is doing, as far as I am concerned, a tremendous job for me.

I notice in the Sun today that there is criticism of this being a plum appointment. I will tell you something: if I had searched and gone through the records of anybody qualified to do that, I do not think I could have found a better person, because municipalities, by and large—he is not there to create a confrontation with them. He approaches them and he says, this is what has been designated by staff and by the minister, are there some major concerns you have? If you have, I will take them down and we will review it and see whether we can accommodate them.

We feel that this is the kind of process that, by and large, is doing something that is not a very nice thing to do, but is the best approach that we can do, and we hope that most municipalities will ultimately accept the process. At a time when government has had to make some tough decisions, we have indicated many times we expect everybody to sort of share the pain.

Many other departments that have gone through the Estimates process have indicated the same thing. Part of the rationale for doing this is the cost-saving measures. I will indicate to members of the Legislature right now that this process basically resulted in a reduction of 114 SYs within my department.

I want to indicate that we anticipated that there would probably be some pressure on this

department because over history, Highways has always been one department, when things get tough, where there were cuts made, and with no reflection on the previous administration, they cut the heck out of it from time to time.

In 1981, there was a capital program for construction of a hundred million dollars, and from there on it went downhill, which was the last capital program politics-wise of the Conservative government. From then, it went downhill to the point where \$83 million was spent when I took over office. We managed to crank this thing up over a period of years, but by turning back these PRs, we, as I indicated, anticipate a reduction of 114 SYs.

Having anticipated that there would be pressure on this department, I have to indicate that, by and large, by the time that this decision was finally made, we had a 8 percent vacancy out of a two-and-a-half-thousand employment staff. As a result, by the time the smoke cleared, our vacancy rate was so high that we basically had to let five warm bodies go—it sounds a little crude that way. There were only five people that were notified that their jobs were redundant. The rest were vacancies and we have done adjusting within the department, so I think we have probably created very little actual physical pain for people losing their jobs. I feel good about that and I compliment my staff for having envisioned this type of thing and moving in that direction.

Madam Chairperson, the other area, of course, and I think we will probably have the opportunity to debate this to some extent, is the area of Churchill. I have stated many times publicly, as well as in this House, that Churchill is my Achilles' heel, I suppose, or whoever is the Minister of Highways and Transportation over the years, and I have studied the history of it extensively.

I am a very strong supporter of Churchill. I have to indicate that. I have fought and done everything that I physically know how to do together with advice from staff. The trend continues, that trend that started long before my time, because when you consider that at one time Churchill was a community of 7,000 population, and now we are down to approximately 700. The Americans were based there at one time. There was great activity taking place, all of it based on federal participation, and gradually that has been ratcheted down, and seemingly that trend is continuing.

I am damn frustrated. I have to tell you that, Madam Chairperson. It seems that the course is continuing. I felt as a new minister at that time, that by being aggressive, I could get a long-term commitment out of the federal government, that the one inland port that we have in this great country of ours should rate for some priority in terms of keeping it there.

Unfortunately, I still do not have that kind of a commitment. I am in the same position as previous ministers before me were, that every time the shipping season comes, you get back and you start fighting, pressuring and doing everything you can to try and get ongoing commitment for grain movement through there.

This is one thing I have to indicate. In my first year, when I was the Minister of Highways and Transportation, actually we only ended up with two ships coming to Churchill, terribly frustrating for myself as minister to have that kind of recognition. The critics at that time rightfully said, you know this is unforgivable, this is not good. It is part of that trend that has been going on for a long time.

We are in the same position today. I have to indicate that, as I said in the House to questions from the critic from the NDP party today, I think I have a meeting arranged with the federal minister for next week. I tabled a letter which was one of the strongest worded letters I have ever written to him drawing many circumstances to his attention. I expressed my frustration publicly to the media as well, indicating that I felt—I have dealt with three federal ministers.

* (2200)

The first one was Benoit Bouchard, whom I thought I had a relatively good relationship and understanding with. Our relationship with the federal counterpart sometimes is not that pleasant, but I always felt I had a good understanding of where I could sit down and talk and express the concerns we had and get some relatively reasonable response from them.

When Mr. Bouchard was moved and Mr. Lewis came on stream, I had the privilege of meeting with him and the three western ministers as well in a very informal type of meeting where we sat down and we just chatted without staff. Just the five of us got together and chatted about the concerns that we had and things we felt should happen. I have to indicate that both ministers, Bouchard as well as

Lewis, I felt I was developing a good working relationship with.

This is no reflection on Mr. Corbeil, who is the minister now, whom I am hoping to meet next week. I hope to develop that as well. The only thing I find so frustrating is—I felt this when I was in opposition many times. You start developing a relationship with the minister of whom you were critic of. By the time you had things going a little bit, the ministers moved and, as a result, you sort of start all over again—(interjection)—

If my colleagues leave me alone—this is very important, and every minister deals with his critics in a way that is important.

However, I have to indicate that I sincerely believe that there is a moral obligation on behalf of the federal government to take and make a commitment that Churchill is going to be an ongoing port, that we can use that for the future. We do not know what the future holds, but certainly to have that kind of a port, even with the limited season that we have—we have modern equipment in terms of ice breakers. I think there has to be a desire, and I have been pushing for that commitment among the federal government, CN, the Wheat Board. I think everybody has to get together.

Sometimes I felt that we have more enemies of Churchill than we have friends. Obviously that is the case, because St. Lawrence Seaway people lobby for the activity down their way, as do the western ports of Vancouver and Prince Rupert. So, you know, it is an ongoing thing.

I have to indicate that when Don Figurski was part of our team that was doing the promotion that he contacted all municipalities in Alberta, Saskatchewan and Manitoba and invariably almost all of them wrote back to me indicating their support for the Port of Churchill. However, you have the private grain companies, who are looking after their own vested interests. The Wheat Board indicates that they have to look after the interests of the producer in terms of getting the best price.

The one thing I find frustrating, and found very frustrating with Churchill, was the fact that I am told that if we ship so and so much grain through the Port of Churchill that it is the cheapest route to go when you talk of selling to the northern countries, the Baltic countries. However, if you ship only 200,000 or 300,000 tonnes then, of course, your start-up costs, everything is related to the amount you ship

through there, then your costs are higher. We have continually pushed for the 3 percent commitment of total export sales to go through the Port of Churchill.

I recall the first year when Cowan and Plozman and Evans—I forget the other name or the Liberal member that was there—we had an all-party committee that was working on these things. Ultimately it got to be a little political and the thing fell apart because we could not agree; we were starting to play a little game with it. By and large, I think that all members of the Legislature here who are real Manitobans all basically support the fact that we should work and promote Churchill and that the federal government has a commitment to it. That has been eroded on an ongoing basis. We can get into more details of that. I just wanted to mention that.

On a more positive note, I want to indicate some of the nice things that happen. We have photo licensing in the province. To me that is important. We are not the leaders in that. The Americans all have it and many of the provinces in Canada have it. We have it here now too. That was a real challenge because being relatively naive, I thought that we would make the decision and six months later everybody would have a photo licence, you know, a photo on their driver's licence. It took a long time—where do you distribute the cameras, the whole process has been a real learning experience for myself. The one thing ultimately is it is happening. As of the 1st of January we are taking photo licensing of those who are in the odd years and the even years will be next year.

I also want to indicate that my birthday is in January on an even year and, being the minister, I thought it would be most appropriate if my photo was taken first. Staff agreed and we had it done, then they stamped it void. I still have to wait until next year to get a legitimate one. I still have it in my pocket even though it is stamped void.

The one thing I can indicate that in spite of the cost, we have gone through all of that over a period of time, it costs \$4 per driver's licence to have your photo done, the response has been very, very positive. In fact, when the war took place in Iraq at that time, when everybody was tightening up security and stuff of that nature, we had many people coming asking if they could pay to have their photo taken on their driver's licence so that they could use it as ID to go to the states or wherever they went. It just shows the importance of it. I think

it is a positive thing. There has to be positive things. I want to take credit for the fact that I was the minister who initiated photo licensing.

Madam Chairperson, I do not want to belabour this, but I just wanted to touch on some of the issues that are facing the department among others and not necessarily in that order. I want to indicate that I have a very good department. The Department of Highways and Transportation, I think, is one that affects a lot of people and it is important to me with two and a half thousand staff, that staff by and large, because they impact the roads in the rural areas it is very important, the transportation aspect of it has a lot of connotations within the industry of transportation. We are an exporter of transportation services in this province. We are a hub, and I want to encourage all members of this Legislature that we have to start promoting stronger the idea that we are in the centre of the country, that we are the hub. We have many advantages we can offer, and these are the things that we should capitalize on. I have said in public and in statements that Alberta has oil, Saskatchewan has potash, and I have said that Manitoba has transportation. I think all of us in whatever way we do it at, we should promote the idea that we are a transportation hub for this country of ours and work at that aspect of it.

With those comments, Madam Chairperson, I am prepared to listen to the comments of opening statements of the critics and proceed with the Estimates.

Madam Chairman: We will now hear from the critic of the official opposition party, the honourable member for Transcona.

Mr. Daryl Reid (Transcona): Madam Chairperson, I am pleased to add my comments to some of the areas that the minister has touched on here today.

There are many areas that need to be discussed and debated as we go through this Estimates process for Highways and Transportation. I will pick up where the minister left off talking about the fact that Manitoba has been the—we will call it the transportation capital of Canada, and I like to use that reference. Each of the provinces in their own distinct way—and I use that term guardedly—has specific areas with which they seem to excel.

I can start on the west coast. British Columbia has always been noted, at least from my experience, for its lumber and its forestry. Then we

move to Alberta, and they have been noted for their oil and gas reserves. Then we move on to Saskatchewan, and they have their wheat and their potash and some oil. Then we move into Manitoba where we have transportation as our main industry. Ontario, of course, is manufacturing. Quebec has a manufacturing economy as well. Moving on to the Atlantic Provinces, of course, there are many industries in those areas.

One of the things that I have noticed, having come from a transportation background myself, is that we have seen a gradual erosion of the transportation industry from this province. There seems to be some competition that is taking place between the provinces now. I do not know if it is because of the agreements that the Premiers of the different provinces have struck over the last year, year and a half, that allow them to have more or less a free trade agreement amongst them.

We see—like the province of Alberta now is appearing or attempting to raid the transportation industries from the province of Manitoba. Alberta is already a have province. I do not see a need for them to have to raid the one main factor that Manitoba has going for it, and that is the transportation industry. I hope that this Minister of Highways and Transportation (Mr. Driedger) impresses upon his Premier in the cabinet that we have to have discussions with these other provinces to discourage them from raiding the industries that we have built up over a period of time. We have no opportunities to go and try and raid the oil and natural gas that the province of Alberta has. I do not think that is right for provinces to do that to one another within the country itself. I hope that this minister impresses that upon his Premier (Mr. Filmon).

* (2210)

Some of the areas that I am going to be talking and asking questions on—I will go through them in no particular order. I have many questions on the department of motor vehicles. I also have a lot of questions on the Taxicab Board, the Highway Traffic Board and the other boards that are related. Last Estimates process we did not have the opportunity to get into too much detail in those areas, and I hope to spend considerable more time on those during this Estimates process.

Other areas that have caused me great concern—as we have seen in events unfold through

this province and in this country—is the way the transportation sectors are evolving. We have seen the CP Rail with their trains bypassing the province of Manitoba and taking with it the jobs for Manitobans. The way they have treated this Minister of Highways and Transportation I think is very shameful on their part.

I hope they take heed on what happened in the media and how they have been chastised—I use that word for lack of a stronger word to use at the present time—by the media. The CP Rail has been chastised for the action that they have taken and the way they have treated this province and the people in it.

I am also going to talk and ask questions about safety records of the railways. We have seen accidents just recently involving railways where dangerous commodities were involved.

The minister talked, in some of his comments, about the open skies in the cabotage. Well, that issue is starting to heat up again. There is a meeting coming up tomorrow, I believe, taking place in Regina. We will be asking some questions of the minister and his department about Manitoba's participation and what we can expect in the type of efforts we can impress upon the federal government.

Mr. Driedger: I think you should go to the meeting.

Mr. Reid: I think we should go to the meetings, as well. I would not mind. If our Estimates process was finished, I would be more than willing to take part in those meetings to defend Manitoba's interests in these situations.

I am going to be talking, since I have raised this matter with the minister during Question Period in the past months, on truck safety and how it impacts upon the province and the lives of the motoring public in the province of Manitoba and upon the jobs and industry itself. I am going to be asking specific questions on the financial health of the trucking industry, as well as the safety aspects, and the process that the minister's department undertake to ensure these vehicles are safe.

I am going to be talking somewhat about the owner-operator situation and how the owner-operators are treated by the major carriers in the province. They have made representations, I am sure, to the minister's department on the concerns they have.

Transportation jobs are not just the jobs themselves, but there are a large number of jobs that are created as a result of the spinoff support industry that supports these various transportation sectors, rail, air, trucking, et cetera. We have to do everything within our powers to ensure that the transportation industry remains strong in this province. That includes rail transportation up to the Port of Churchill, the community of Churchill.

I know the minister has said many times—and I have asked repeated questions on the Port of Churchill, and our questioning will not end. I can assure the minister of that. Until we, in this province, and the community of Churchill and all the communities along the bayline continue to receive the type of rail transportation to which they are entitled, I believe, and until Churchill receives the sufficient volumes of grain export through that port to allow them to become viable—because right now they are not viable at the volumes they are exporting—we will continue to put pressure upon the government and the federal government to ensure that Churchill is maintained and enhanced.

I hope to ask and I plan on asking many questions about the community of Churchill, the port, as well as the rail activities leading up to the port via the bayline. I will touch briefly on the passenger transportation throughout the province of Manitoba including the bayline as well.

Of course, the minister has spoken somewhat of the offloading of 2,000 kilometres of provincial roads in this province. We are going to be asking several questions on that, trying to get some more details on it. As we go through that, of course, I am sure that other areas will develop. I will not spend any more time on my opening remarks and allow the questioning to continue.

Madam Chairman: We will now have the opening remarks from the critic for the second opposition party, the honourable member for St. Boniface.

Mr. Neil Gaudry (St. Boniface): Madam Chairperson, since the minister said it was very important Estimates that we are going through in transport, I realize that. I know we are running short of time for Estimates. We are one of the last ones, and we should have been the first, being so important in the province of Manitoba, one of our large industries. I will not be as long-winded as the minister because he said he was going to be brief, but he was very long-winded. -(interjection)- No, we

appreciate his comments, and I would like to thank the minister for his co-operation. Whenever we have met with him or asked him a question, he was very co-operative.

We have a lot of questions to deal with going through the Estimates, and like I said, I will be very brief because the time here is very important. I think with all the questions that we have and with both critics, it is very important that I be very brief. I look forward to questioning the minister and working with his staff for the next couple of hours. Thank you very much, Madam Chairperson.

Madam Chairman: At this time, I would request the minister's staff to please enter the Chamber.

Mr. Driedger: Madam Chairperson, I just want to indicate that I realize that sometimes the hours that we operate in this building are maybe not always that conducive to smart logic and stuff like that. I want to indicate to the critics that I am prepared tonight to sit as long as they feel comfortable sitting. I have some commitments tomorrow morning at 9:30 as well as 11. If they are inclined, as long as they feel comfortable, I am prepared to sit here as long as we can. If we cannot conclude today, then we will come back tomorrow and do it. I do not do that as an issue of pressure; I just want to raise that. Whatever you want, I will try and keep my answers as brief as possible and try and be as informative as possible and take it from there. Thank you.

Madam Chairman: Does the honourable Minister of Highways and Transportation wish to introduce his staff?

Mr. Driedger: Yes, Madam Chairperson, on my left is Bill Dyck, who is my financial adviser, director of administration, and on my right-hand side is Doug Struthers, who is the ADM of Construction and Maintenance.

Madam Chairman: Page 92, item 1. Administration and Finance (b) Executive Support: (1) Salaries \$384,300.

Mr. Reid: Madam Chairperson, I am looking at the Supplementary Estimates book, which I will be referring to through most of my comments and discussions here today. I mention that maybe to make it easier for the minister to follow some of the comments I might be making in the references to the booklet itself.

Under Executive Support, and we are into the salaries I take it, the Adjusted Vote for 1990 and '91 shows \$99,900. I believe that when we were

discussing this matter last Estimates process, the figure that was used was \$103,000. Can the minister give me some kind of an indication on why there is a discrepancy between the two and why there is an adjusted vote downward now at this time?

Mr. Driedger: That difference there is the salary of the deputy minister.

* (2220)

Mr. Reid: I understand that is the figure; \$99,900 is for the deputy minister. It was my understanding in the information that I had received by the minister's staff when I had asked for a list to be submitted to me, so that we did not consume too much time last Estimates, that the figure given was \$103,000 for the deputy minister, and that now we are showing \$99,900. Why is there a discrepancy in there?

Mr. Driedger: Madam Chairperson, I am informed that they must have given you the present salary of the deputy minister.

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

Mr. Reid: I hope they had not given me the current salary for the deputy minister because that was done last November. I did not think that we had got to the new salary range for this year yet. I will not belabour that point. Maybe the minister can give me some clarification on that at a later point in time.

There also shows that there is a 3.7 percent increase here for the deputy minister and that the change in the salary for the individual is \$3,700. Can the minister give me some kind of an indication on why the deputy minister at that salary level should receive that kind of an increase when 48,000 other civil servants in the province are getting zero?

Mr. Driedger: Mr. Acting Chairman, that is the merit increase that he was allocated at the time when it came through.

Mr. Reid: So the deputy minister is entitled to a merit increase then of 4 percent. I hope that the other employees in the Civil Service would be entitled to the same merit increase of 4 percent.

In the Professional/Technical, there has been a decrease. The staff level has remained the same. The SYs have remained the same, yet we are showing a \$3,800 decrease over the previous year. Can the minister give me some kind of an indication on how this figure is arrived at? If you divide that by

two, it is \$1,900 apiece. That is a pretty hefty salary drop for one individual to incur.

Mr. Driedger: Mr. Acting Chairman, I might indicate what has happened, I have had some senior staff retire who were at the top end of the salary base. Then we bring in new people at a much lower salary. That is the difference in there and accounts for the difference and the reduction.

The Acting Chairman (Mr. Sveinson): Item 1.(b)(1) Salaries \$384,300—pass; (2) Other Expenditures \$67,900.

Mr. Reid: Mr. Acting Chairperson, there is a drop of some \$10,000 in the Transportation. The staff levels have remained constant, the SYs have remained constant, and yet Transportation—is there an order from the minister's department to his executive support staff that they are to cut down on their transportation during this period of tight budgets?

Mr. Driedger: Mr. Acting Chairman, that reduction basically affects the deputy minister and myself in terms of our travel and other expenses.

The Acting Chairman (Mr. Sveinson): Item 1.(b)(2) \$67,900.

Mr. Reid: One other question under that area, Other Operating Expenses, a decrease of \$4,000—can the minister give me some kind of an indication there for the drop?

Mr. Driedger: That applies to the same thing, where both the deputy and myself are curtailing our travelling expenses and other expenses.

Mr. Reid: I believe last year during the Estimates I asked the minister to give me an indication on his support staff, his SA, his EA, any of the office staff that he might have. Could he also give me that same information again this year when we are talking about salaries for these individuals so that I have some kind of an idea on what these individuals are paid? He need not do it at this time. I am not asking for it to be put on now, but if he could arrange to have that forwarded to me sometime in the next couple of weeks, I would appreciate that.

The Acting Chairman (Mr. Sveinson): Item 1.(b)(2) \$67,900.

Mr. Driedger: I just want to respond that there has been no change in terms of staff. The deputy minister's office has four staff, and I have five staff in my office. I want to indicate that component has not changed in my office, even though I do not have

Government Services. The support staff and the Deputy Minister of Government Services' office is not with me anymore, but the staff and the Highways support staff and the deputy minister's office is the same, and my staff and my office is the same.

I am prepared to make the commitment to give the information regarding the salary ranges of these people. I will forward that to the individual.

Mr. Gaudry: Mr. Acting Chairperson, the minister in his opening remarks mentioned there were 114 staff reductions. How many were rural and how many were urban reductions?

Mr. Driedger: It cut a swath through my whole department. I am trying to get the details. What happened is, because of the turning back of the 2,000 kilometres, it affected everything down the ladder. I want to indicate that some of the SY positions in the rural area were term positions, people that we hired on for construction projects, et cetera, as we do every summer, and we could have maybe had up to two, three and four people filling one position. We would have them in for a month, but they are considered as SYs. So there has been a reduction in that area.

If the member is acceptable, I have a sheet that shows the reductions in the various categories, because to get the net figure, I have to indicate that in the department of the registrar's office, under photo licensing, they had an increase in staff, and then we had the total decrease across through the other department. So I will try and get a sheet that will indicate to the member exactly the variances that took place.

Mr. Gaudry: Mr. Acting Chairperson, while we are on the same questions, in regard to decentralization, it is something that we have been talking about for the last two, two and a half years. How many people have been decentralized from the urban area to the rural areas?

Mr. Driedger: Mr. Acting Chairman, let me first of all indicate to the member that this department has most of their staff in the rural area. We used to have 12 district offices throughout the province. We now have 13. We have established another district office in Thompson, which I am very proud to announce because what has happened is that we had one office for the North out of The Pas, and it is a great big area to cover. We have established District 13, which is in Thompson, so we have 13 districts that we have involved.

* (2230)

Out of my department, we have 17 SYs that have been moved out to the rural area, above the normal staff that we have. My department and the Department of Natural Resources has the majority of their staff really out in the rural area already, so it is a little hard to take and to cut even more out of there.

I want to indicate that under legal survey, we have four SYs; we have four SYs out of the Marine Services that went to Selkirk; we have two SYs in Radio Services that went to The Pas; we have two SYs in the district of Thompson which we now established as a district; and we have established a district suboffice in Ashern with two SYs; and we have three more SYs that we have moved to the Beausejour office and airport training and mechanical shop and yard support, for a total of 17 SYs.

The Acting Chairman (Mr. Sveinson): Item 1. Administration and Finance (b) Executive Support: (2) Other Expenditures \$67,900—pass.

1.(c) Administrative Services: (1) Salaries \$501,300.

Mr. Reid: Mr. Acting Chairperson, under that section, there has been a staff reduction of one person. I would like some indication from the minister where the person was employed in the province, the duties that the person performed, and if the change between the budgeted figure of—\$302,700 down to \$275,800—\$26,900 represented the salary for the individual who is now unemployed.

Mr. Driedger: Mr. Acting Chairman, it involves two positions, one in the accounts receivable and one in the accounts payable.

Mr. Reid: The minister indicates that two people are affected by the staff reduction. The booklet here shows that there is only one person. I am on page 25 of the Supplementary Estimates, to make sure that we are talking about the same thing. We are showing changes in the SYs of only one and there has been a corresponding decrease in the budgeted amounts for administrative support of \$26,900. I am asking where those duties were and if that represented the salaries for the individual?

Mr. Driedger: I want to apologize. I have a correction to make. The one staffperson who is in that position was my communications officer.

Mr. Reid: Under the Supplementary Estimates it talks about the reduction in communications staffing due to the restructuring of the government's communication resources. Can the minister give me some kind of an indication on what duties and function this individual performed and why it was decided that these duties were no longer necessary in the minister's department?

Mr. Driedger: I want to indicate that the communications individual who I had, I was very pleased with the work that he was doing. I have to indicate that government decision, in terms of centralizing the communications, dictated the fact that each department had to let some of their communications staff go and that is what happened with the position of the individual who I had there. We have centralized our communications and cut down staff as the member is well aware. We have centralized the activity and that position is no longer with my department.

Mr. Reid: I would like some indication from the minister, please, whether or not this individual is now unemployed or has this person been moved over into the other communications staff that has been created?

Mr. Driedger: Mr. Acting Chairman, that individual is not with the communications staff at the present time. He is on a three-month term position in Policy and Research within my department.

The Acting Chairman (Mr. Sveinson): Item 1.(c)(1) Salaries \$501,300—pass; (2) Other Expenditures \$72,100—pass.

Item 1.(d)(1) Salaries \$693,100.

Mr. Reid: Mr. Acting Chairperson, there also shows a staff reduction under the Financial Services 1.(d) of two SYs. I would like some indication from the minister on the duties that these individuals performed, whether or not they are laid off and whether or not the corresponding decrease of \$41,200 in the budget under Administrative Support represented the salaries for the individuals.

Mr. Driedger: Mr. Acting Chairman, the answer I gave previously involved these two staff reductions, one in receivable and one in accounts payable, based on the cutback in terms of the operations within the department in terms of how we structure our organization.

Mr. Reid: On the same question to the minister, does the corresponding decrease in the budget

represent the salaries for the individuals who are, I assume, now unemployed?

Mr. Driedger: It reflects those two positions that I indicated, one in receivable and one in payable. Those positions are not there anymore.

Mr. Gaudry: This is in regard to the note on page 27, where it says "Realignment of functions resulting in improved efficiencies." Would the minister care to explain fully what is meant by that?

Mr. Driedger: Mr. Acting Chairman, as I indicated, there were two positions that were deleted. It was partly due to realignment of our operations as well as some computerization. So we did not need the two staff years.

Mr. Gaudry: So it is due to the computer—

Mr. Driedger: Computer as well as realignment of some of our operations within the department.

The Acting Chairman (Mr. Sveinson): Item 1.(d)(1) Salaries \$693,100—pass; (2) Other Expenditures \$73,900—pass.

1.(e) Personnel Services: (1) Salaries \$838,400.

Mr. Reid: The SYs remain constant in this area, which is one of the few areas of the department that have remained constant in the employment levels. They are showing an increase in the budgeted figures under Professional/Technical and Administrative Support. The first one is a \$3,300 increase. The second area is \$11,400. Are these merit increases for the staff who are employed under these areas?

Mr. Driedger: Mr. Acting Chairman, those are the natural increments that take place within the staff.

The Acting Chairman (Mr. Sveinson): Item 1.(e)(1) Salaries \$838,400—pass; (2) Other Expenditures \$138,600—pass.

1.(f) Computer Services: (1) Salaries \$1,060,200.

Mr. Reid: SYs remain constant in this area as well, yet there are changes in the budgeted amounts under Professional/Technical and Administrative Support again. The Professional/Technical shows a decrease for 23 staff years of \$35,300. Does that give an indication, and I do not mean to put words into the minister's mouth here, that there has been a change of staff, people have been laid off by natural attrition? In the second one, Administrative Support, does the \$2,600 increase for the four people mean merit increases?

Mr. Driedger: Mr. Acting Chairman, the member is correct. With a staff of approximately 2,500, you have ongoing turnovers where people retire at the high bracket and you bring in people at the lower level, and others where you have an increase it is the natural increments that take place. So his assumption is correct.

The Acting Chairman (Mr. Sveinson): Item 1.(f) Computer Services: (1) Salaries \$1,060,200—pass; (2) Other Expenditures \$509,200—pass.

1.(g) Occupational Health and Safety: (1) Salaries \$182,500—pass; (2) Other Expenditures \$50,000—pass.

2. Operations and Maintenance (a) Maintenance Program \$55,433,000. The honourable member for Transcona.

* (2240)

Mr. Reid: Mr. Acting Chairperson, even to be referred to as honourable is different.

There is a change in the staff years on page 36, where there is a decrease in staffing levels of 20 people under the Professional/Technical, yet the budgeted amount remains reasonably constant.

Can the minister give me some indication on why the budget level remains constant and yet we see 20 less people employed under those? I take it that the full \$21 million was for salaries. I need some indication on why this amount has decreased as well as the reason why this number of people have decreased by 20, what functions these people performed, and the salaries that they would have been paid, because if you take the savings that are involved of \$85,000 and divide it by 20, you are only saving \$4,200 per person in this case. There seems to be some discrepancy in this area.

Mr. Driedger: Mr. Acting Chairman, again, here it is a matter of change that we have in our staff in terms of senior members stepping out, bringing other members on. At the same time, other members get increment increases. So it sort of balances out. There is nothing untoward or hidden in these kind of figures, because of the turnover in staff that we have. That is what accounts for the changes that take place in there.

Mr. Gaudry: Mr. Acting Chairperson, the note at the bottom Reduction in Provincial Roads Mileage, could the minister explain the reduction? What

does this mean? Is this a reduction in mileage or staff in that area or in those areas?

Mr. Driedger: Mr. Acting Chairman, we could maybe explain the whole aspect of the maintenance program as—that we are at the same level basically as we were last year. However, we had a reduction in staff because of the transference of the 2,000 kilometres, which basically only takes effect as of October 1. However, in order to meet the objectives of Treasury Board when they set these challenges for us, we have had to cut back on our maintenance throughout the province to some degree, because we are faced with certain costs.

This is a challenge that each minister faces in terms of the fuel increases, as we had last fall, when contractors came and wanted to have an escalation clause in their contracts. We were faced with the same thing in terms of our asphalt production, et cetera, where the increased costs went up. Our costs do not necessarily go down. When you take the whole package of \$55 million in terms of maintenance, it is an ongoing jockeying between the staff we have, increased cost. We had turned back 2,000 kilometres to the municipalities and, by and large, that is where we basically arrived at.

Our request, by and large, just to maintain the same level of maintenance on all our PRs, was substantially higher than this. Based on the fact that we turned back 2,000 kilometres, have cut back on staff, this has basically allowed us to stay at the same level.

Mr. Gaudry: Mr. Acting Chairperson, I know in his opening remarks the minister talked about the offloading to municipalities. How much will this save the province? How much will it cost the municipalities? What services have been delegated to them? Maybe he can give an explanation to these three questions.

Mr. Driedger: When the government decided that they would turn back the 2,000 kilometres, initially it was based on the fact that we had 3,000 kilometres with traffic of less than 100 vehicles a day, which is a very low traffic count. When we developed the program we found out that we wanted to share this equally with all municipalities. As a result, we have some roads, as indicated before, that have in some cases up to 2,000 kilometres—or 2,000 vehicles per day as compared to some that have maybe 50 or so. We thought the fairest way to do that would be to take and transfer, proportionately based on the

amount of roads that each one has of PTHs and PRs, and give them that percentage of cutback. We have been relatively close in doing that in terms of accomplishing fairness.

I am not quite sure how I can explain this to the member when we talk of maintenance, because a certain portion of our maintenance program is the snowplowing. It depends a little bit on the kind of winter we have. If we have a good winter we can save some money. If not, then we have to go back from time to time for supplementary, depending on the storms and conditions. Basically we have ratcheted down our whole maintenance program in terms of roadside mowing. We have gone to the private sector to some degree; we do some of it ourselves. We do not cut the whole ditches; we cut maybe two swaths. This is all part of the standards that basically get dropped to some degree.

We finally, last year, reached the level of standard we thought was acceptable throughout. Now, because of reductions, we are cutting back on the standards that basically we apply in terms of gravel, in terms of the maintenance on it. Because of the big budget that we have here, which is \$55 million, we have basically had to cut services back a little bit. If you do it all over the place you ultimately end up saving that which the costs increase, in terms of fuel costs, et cetera, and wage increases, et cetera.

It is always a jockeying act. It is a very challenging thing. Staff are very good at that. When we talk of pulling back a little bit on the standards, it affects the whole province to some degree, but it ultimately affects the expenditures and the quality that you basically produce. This is a process that was gone through by many ministers before me, where when they have cut back on costs then invariably, especially in Highways—which is always a target, because you can always say, well, you know, Highways: maybe we can get away with doing a little less. We do that when the pressure comes on.

Certainly I am very hopeful that as the economy turns around that ultimately we can bring our standards back up, because I think transportation and highways are very, very important to all of Manitobans, especially the rural area, at a time when we have more pressure developing in terms of rail line abandonment, et cetera, that we have to keep the standards of roads. We have ongoing pressure coming from the trucking industry in terms of establishing what we call RTAC loading. The

trucking industry always says we want to be able to haul bigger loads to make it more economical for them.

I know that I am wandering a little bit in terms of just trying to explain the challenge that we are faced in terms of keeping up the maintenance to make sure that our travelling public, for safety reasons as well as economic reasons, that we try and keep the highways in as good a condition as possible.

Mr. Gaudry: Mr. Acting Chairperson, what criteria, what formula was used for compensating municipalities when you offloaded road maintenance to the municipalities?

Mr. Driedger: Mr. Acting Chairman, a fair question. Prior to this decision to take and transfer back 2,000 kilometres, and when I took office prior to that ministers from time to time, when municipalities made a request to take over certain roads as PRs, did it for political reasons or other reasons. Ultimately the PR system kept getting bigger and bigger.

When I got into office we had decided that we would not expand this system, that if some municipality felt—because traffic patterns have changed since '65, obviously—that there was a reason for the province to take over a road as a PR, then we would go back and say maybe we could exchange a PR that maybe is not travelled as much and maybe the criteria have changed, maybe a municipal road has more traffic than a PR, we would exchange. If there was a difference in the mileage, whether it is five kilometres more, that the municipality then took over, that we transfer back to them, we had a system where we paid them—we are paying them \$3,500 but I think at that time we were paying them \$3,000 for the difference per mile, approximately 3,200 kilometres that we then paid if they had to take over more than we took over as a PR. We use that criteria to some degree to start off our compensation package, because it had been in the mix before and we used that. We have given them a little bit more, because we know that ultimately they have to bear the cost.

* (2250)

Mr. Gaudry: I have a letter and a petition here from the residents of Amaranth. I know the minister probably has a copy also. I was wondering what he intended to do with this section of highway that they are requesting. Their petition says: We, the undersigned, petition the government of Manitoba's

Department of Highways to number, repair, and pave the provincial road going east from Amaranth to Lake Manitoba abutting the north boundary of Sandy Bay Indian Reserve locally known as "Beach Road."

We, the undersigned, will deem the government of Manitoba's Department of Highways responsible for the repairs and maintenance of our vehicles until the said road is paved, maintained and numbered properly for the years to come.

What has the minister done with this?

Mr. Driedger: Mr. Acting Chairman, I do not know. I am not being facetious, but I will take note of it and I will reply to the member specifically on that because we have so many PRs. Actually, I have to maybe apologize a little bit with the process that we are going through in terms of transferring back roads. I have numbers that are spinning in my head, and every municipality of a 114 has all their numbers and everything. I do not have the details on this. I will try and get a specific answer. Rather than waste too much time now, I will undertake to give a response to the member, if not today, then in a very short period of time.

Mr. Reid: There are many communities that are going to be impacted; of course, rural municipalities and LGDs are going to be impacted by the changes in the responsibilities for the provincial roads. Does the minister have a list of the roads that are going to be, or proposed to be, either through consultation or otherwise, given to the responsibility of the municipalities and the LGDs? Does he have a list that he had as a working document, or is there a final list that is now available that we might be able to see?

Mr. Driedger: Mr. Acting Chairman, we spent a tremendous amount of time sort of identifying the roads that we thought were the least important roads in each municipality that we would be transferring back. Staff worked through that, from the bureaucratic point of view, in terms of continuity of highways, least important, keeping the seven points of criteria that are used, which I put on the record before—keeping these in mind.

So communities, by and large, should not be affected individually in terms of the turn back. For example, I will just try and illustrate where because of the municipality you have a road, let us say—I use facetiously a number—403, which goes through maybe four or five municipalities but is a very

little-travelled road. We ID'd that one and carried it all the way through four or five municipalities in terms of saying this is not that important a road. So we do not have a road that we ID in one municipality and then in the next municipality it starts as a PR again. The continuity aspect of it is what we have been trying to establish.

The member asked whether I have a list of the roads that we have basically turned back. What we did on the first blush, after we had staff go through this, we took things into consideration which the UMM executive asked us to take into consideration. For example, structures are very, very important to the municipalities, because bridges are something that municipalities have great problems raising the finances for, especially in some major structures. So, by and large, we have tried to ID roads where there were structures that were 10 years or younger, in terms of bridges, so that they would not be faced with having a major cost in these things because this is a thing that the executive of UMM stressed very strongly with us. So we threw out the first blush.

I do not have a precise list itemized on a basis, but I wrote every municipality indicating to them the roads that we had ID'd, indicated that Doug Gourlay would be coming around and checking with them. If they had some serious concerns, for example, where we maybe had overlooked a structure—and we are reviewing that aspect of it again—or we had overlooked where there was a change in the patterns of grain movement where an elevator was being built or stuff of that nature, we tried to take all these things into consideration. It was a real big job to make sure that we basically looked at roads which would be least impacting on the municipality and on the basic traffic patterns.

The process right now that is taking place is that Mr. Gourlay is going around and meeting with them and saying: Listen, this is what the minister has proposed. Are you comfortable with it aside from the fact that you do not like it? Are you comfortable with it, or do you have any other alternatives that you want to bring forward? If there are, would you ID them? Then he will come back to me and I will sit down with my district people and my deputy and my staff, and we will look and see, can we make these kind of adjustments for the reason that they are proposed? We are trying to do an unpleasant chore as nice as we can make it as possible.

I do not have a list per se that I could hand to the member saying, these are the ones that we initially

proposed because already the system is changing. I am prepared that once we are through with this process, you take and come forward and give a list to the member.

(Madam Chairman in the Chair)

Mr. Reid: With the number of kilometres of highways, provincial roads, that are in the province—15,800, I think, is the total.

Mr. Driedger: 19,000.

Mr. Reid: 19,000. I would like to know how the minister arrived at the figure of 2,000 kilometres as the amount of road mileage that has to be transferred back to the different municipalities and LGDs. How did that particular figure of 2,000 come about?

Mr. Driedger: A very scary question. Madam Chairperson, the first proposal that was thrown before my department was that we had 5,000 kilometres of unapproved roads and that these all be transferred back.

I want to say that I nearly died and so did many others, and from there on we negotiated to the point where basically we felt that a 2,000 kilometre transference, instead of 5,000 or 3,000—3,000 being the amount of kilometres where we have less than 100 vehicles a day. It was sort of a negotiated arbitrary thing that the government made a decision on and, ultimately, I feel that, in spite of having lost, I have won to some degree, because it is not as dramatic as we initially had anticipated.

Mr. Reid: The minister talked about bridges and structures impacting upon the different municipalities and, of course, we know that there are major costs in there just looking at our own construction budget and what it means to even construct a single overpass. Of course, these municipalities are going to be very concerned, and the minister has indicated that structures aged 10 years or younger, of course, could place a road in the eligible zone for transfer.

Besides that single feature itself, what studies have been done or are there studies being done to determine the, say, a five-year maintenance cost that this provincial government has had to expend to maintain certain portions of road? Have those types of considerations or items been taken into consideration before a road would be even considered to be transferred over to a municipality?

Mr. Driedger: Madam Chairperson, when looking at these things, we have various standards based on the amount of traffic that is on each PR, also based on the condition of the road. Then staff with their experience over the years, by and large, establish how many times a PR has to be graded per week, per month. We have a scale that we developed based on the amount of traffic, condition of the road. We have a numbered system in there in terms of a road, based on whether it is a gravel road, upgraded road, whether it is base and AST, whether it is asphalt or concrete. We have a rating system and based on that rating system is how we establish how many times we do grade it, and so the costs vary.

This question was raised, and it is a good question. I think a fair question was raised when I faced the regional meetings at municipalities to say, what does it cost you. I can tell you on each road to some degree based on the variance in there that somewhere in the area of—I am trying to establish a sort of an average cost, but it varies so much.

I will have to give you a ballpark figure, like I say, because it varies so much on the quality of the road whether it is upgraded or not. We use a rough figure of 2,000 per kilometre on a gravel unapproved road, and we think that in many cases in municipalities with their equipment and the staff that they have, we will probably be able to do it cheaper.

Mr. Reid: Can the minister give us an indication on whether or not any of these roads that are proposed to be transferred, during the consultations that the minister would have had with the municipalities, the LGDs and Mr. Gourlay, whether or not these roads that are proposed for transfer will require any kind of major improvements to them or reworking to them, say, within the next five years? That could incur major expenses for these different municipalities and LGDs, that they might not be prepared to undertake because of their limited tax base that they have to pay for these repairs.

* (2300)

Mr. Driedger: Madam Chairperson, I have to indicate that I am going to be very, very tough in terms of creating any improvements on any roads. There will have to be a very strong justification that we are going to be spending any extra money, because if we start that then we might as well not have transferred them back.

We will be doing this as a cost-saving measure and, basically, what they see is what they get at this stage of the game unless there are extenuating circumstances.

Mr. Reid: I think, maybe, I did not explain myself clearly enough there. My concern is, even though I am opposed to this transfer on a unilateral basis, and I am sure that the municipalities are opposed to it as well, and we have heard from many of them, that they will now become responsible for a road that could be in a condition where they will have to expend large sums of money to bring it up to a decent standard that will allow traffic to travel upon the road safely.

Being that this is a decision that was forced upon them in a short period of time without very much, if any, consultation, they might not be in a position where they are going to be able to repair this road. It may become even more of a rundown condition before they can get to it, and they may have to eventually close that road, therefore, cutting road access for the residents in that particular municipality.

Mr. Driedger: Madam Chairperson, it is called sharing the pain. The decision ultimately will have to be the municipality's, whether they want to maintain them, at what level, or whether they want to close them. I doubt, really, that they will close any of these roads. It is just a matter of what level of maintenance they want to apply to that road.

Mr. Reid: The minister talked about bridges and different structures that are on these different roads that are going to be transferred. Of course, the minister in the last Estimates process has indicated to us that the municipal bridge grants program is being downgraded and it may be eventually phased out. We see, of course, this year's budget Estimates where it has been decreased in its dollar value, and then moving in that general direction it could be phased out totally, as the minister indicated last fall.

Since these municipalities will not have the opportunity to have any kind of support, financial support for these structures and, if any of these roads that are being transferred will require sometime in the not too distant future for these structures to be repaired or replaced obviously at substantial cost, how does the minister propose that these municipalities and LGDs are going to be able to undertake the major rework or construction that

will be required to replace these structures? How does he see them being able to raise this revenue from the limited tax base that they are going to have?

Mr. Driedger: Madam Chairperson, one of the reasons why we looked very carefully at structures and why I indicated that most structures should be 10 years or younger, if I can use that expression, by and large municipalities should not have to look at a capital expenditure in that direction for quite some period of time. Making reference to the bridge assistance program, which I was very proud to bring forward in the second year of my being in office, and I think it was a good program, the member is right, that program is being phased out now. We are finishing up those commitments that we have and it will not be there for next year.

I would, however, indicate that I felt very strongly at the time when I brought that program forward, and I still do, and I am hoping that as the economy changes and as we can prioritize more money into this area that this is one program that I certainly or anybody else in the future I would encourage to bring that forward as a cost-sharing measure for municipalities, because I think it is very warranted, justifiable, and a good program.

Mr. Reid: I believe it is a worthwhile program, and I am sure the municipalities would agree. The minister talks about cost sharing here. Does he have some plan or some policy in place for future use to indicate where municipalities or LGDs will require assistance, will this be on a cost-share 50-50, or will there be some kind of a ratio, or does he have any plans in the works at the present time?

Mr. Driedger: Madam Chairperson, at the time when we brought this program forward, it was on a 50-50 basis, which was supposed to be an offset for the grant-in-aid that the villages, towns and cities basically get under the government program. I would think that, given the opportunity to bring that program back, it would be as it had been in place now, on a 50-50 basis, which I think is a reasonable way of approaching it.

Mr. Reid: Madam Chairperson, there is also the fact that the province from time to time as we see through the Orders-in-Council has the power to abandon certain provincial roads in the province and/or change their designations.

Can the minister give me an indication on the mileage, the number of miles or kilometres of

provincial roads that were abandoned in the province through the last year?

Mr. Driedger: Madam Chairperson, there were not really roads abandoned. What we have done, as I indicated before, government over a period of time always took over more PRs. Some of them were political decisions and sometimes I question as to whether they were sound decisions. Basically, instead of abandoning, we made exchange with municipalities. By and large we still have extreme circumstances, even during my tenure, where we felt there was justification with taking over a road as a PR relating to—based on traffic changes, et cetera. In most cases, we try to do an exchange and we try to follow that. So there has been no abandonment other than the major project of abandoning 2,000 kilometres, as I am doing now.

Mr. Reid: The province, through the minister's department, has recently approved weight increases for the provincial roads in the province. Am I correct in saying that?

Mr. Driedger: Could you repeat that?

Mr. Reid: The province has approved weight increases for vehicles travelling on provincial roads in the provinces. Are any of those provincial roads that are proposed to be transferred to the LGDs or the municipalities on the list of roads that are going to have their weight allowances increased?

Mr. Driedger: Madam Chairperson, I would like to indicate to the member that we have increased the what we call—it used to be RTAC. Now we call it TAC loading which is on PTHs. It has nothing to do with PRs, and no PTH is going to be affected by the transference—all PRs and lesser roads. Yes, we have expanded the TAC loading on our PTHs throughout the province to some degree where we have almost tripled it, I think, from what it was. We have almost tripled the TAC loading which allows for maximum loading on certain PTHs, and there is always pressure from the trucking industry to take and escalate and expand that. However, the one thing that is the biggest deterrent for us to do is structures, you know, where we have bridges which are not basically built for that kind of thing. So we try and develop a continuity and a system of roads that is going to be able to provide the kind of loads that we need, especially for certain industries, et cetera, in such a way that they can maximize their return in terms of loads that they carry or weights

that they carry, but it does not affect the PR roads at all.

Mr. Reid: I could get used to that reference of the honourable minister, although I would be willing to wait a short period of time longer for that. Mind you, only a year or two would be suitable.

An Honourable Member: It is a long time, Daryl. You will have gray hair before that happens.

Mr. Reid: Well, I have lots of gray—

Point of Order

Mr. Gaudry: The Leader of the Opposition (Mr. Doer) the other day told me never to take for granted that two or three years—it could be tomorrow.

Madam Chairman: It is not a point of order. It is a dispute over facts.

* * *

Mr. Reid: Madam Chairperson, I do have a few gray hairs already, for the minister's information, and I have lost many, of course, over the course of the last two years, moving into this profession.

One of the things that we probably take a lot for granted is that we can go out as the government and tell the different municipalities, LGDs, that they are going to assume the certain responsibilities, and we are talking about the 2,000 kilometres of roads here. What is there to say that these municipalities will not get their backs up and say no, we refuse to take on this added responsibility and duties. Has the province, has the minister's department undertaken to ascertain, by way of legal opinion, the position of his department in their rights, if we can call it that, to offload these 2,000 kilometres on to the municipalities and LGDs in an arbitrary fashion? Does the minister have a legal opinion to support that?

* (2310)

Mr. Driedger: Madam Chairperson, we established that when we undertook to go this route, that it is within the authority of the government to do this. We can designate roads to be either provincial or not provincial. Municipalities have written me and indicated that you do not want to take over the PRs that we are designating. I am trying to do this in a manner as fairly as possible, in discussions with them. Ultimately, they will have these roads, and they can do with them what they want. By and large, it is going to be their responsibility. If they say they

do not want any part of it and will not maintain them, that is going to be their prerogative.

I mean, we will try and do this in a way that we can discuss with them and see whether there are other options but, by and large, the decision is made. Whether I like it, or anybody likes it, or they like it, 2,000 kilometres of roads are going to be transferred back to municipalities, and we are trying to do it as fairly and as reasonably as we can.

Mr. Reid: Madam Chairperson, I wonder if the municipalities will accept that, as they already have an organization that represents their interests, whether or not they will band together and attempt to challenge. I guess only time will tell us whether or not it takes place.

I know I have asked the minister several questions in the past on this, and I must admit and be frank that I do not have a great deal of experience, so when I ask these questions it is because I want to go through a learning process here.

I have noted in my movement in and about the southern portion of the province through the spring and summer that there are different projects that are being undertaken by the minister's department. One of the ones that I have seen recently was on Highway No. 1 East, where there is a sealcoat process underway there. Could the minister give me some kind of an indication on these type of repairs, why they are necessary, and what type of a life span increase, if there is any, that they provide to the highways before they would require any major rework?

Mr. Driedger: I want to indicate that we spend close to \$5 million a year on sealcoating. Sealcoating is done when each district brings forward their recommendation in terms of the quality of the highway especially asphalt and pavement roads. It is on the PTHs basically where we do the sealcoating, and it extends the life of that highway anywhere from five to seven years before we have to do anything major on it. So we think it is a very worthwhile project.

It is a matter of when a road gets to the point where it finally starts deteriorating. By putting on that sealcoat, the chips and all that we put on, we can cover a lot of miles in a year doing that. That just extends the life of the road for quite some time, so it is a very positive program. The department is

very high on that in terms of lengthening the life of a highway.

Mr. Reid: Being that I do not have a lot of experience there, and I hope to gain a lot more experience, can the minister give me some kind of indication on the process, just briefly, the materials they would use and how extensively this is used throughout the province? Is it in all areas of the province?

Mr. Driedger: Madam Chairperson, as I indicated before, each district basically submits roads which they feel would benefit by using the sealcoating for that year. Throughout the province in the 13 districts we prioritize areas where we feel this should take place. We have two crews that are specialized in this and they get out there and actually they are very efficient. What happens is we put on chips and oil and chips.

Maybe the member has been out in a rural area when we have applied this, where we have signs, Rocks Flying, Drive Slow, et cetera, and ultimately after a period of time we brush it off and stuff like that. That is basically almost like a base and AST that we put on there, and the crews that we have are very efficient and they work—it is best done when it is very hot and these crews get out there and they work endless hours at it and they do a tremendous job. I would encourage the members sometime, if they have a chance, if you want to find out where we do it, we can give them the names of the area where they are in and just watch them operate. They are just dynamite. They really know their job and they do a tremendous job.

Mr. Reid: I had the opportunity this weekend to see some crews in their operation doing this sealcoat process, and I must admit they were in the midst of the process on the day that I left the city and when I returned that particular portion of the highway was completed, so obviously it is a very fast process, and if it does prevent us through a maintenance program from having to upgrade or replace that highway for an extended period of some seven years, as the minister indicated, then obviously it is well worth the investment.

The question I have for the minister now is: What is the department's policy on the selection of roads for repair or improvement? Obviously there are a lot of the 13 districts putting in programs for repairs to the different roads for which they are responsible. What policy is in place to say that certain roads are

selected this year and other roads have to wait another year or two years and so on before they are selected for that particular process of repair?

Mr. Driedger: As I indicated before, we have a grading system whereby each road has between one and 100, you know like you say from one to 10, this is from one to 100, and we have a system whereby we number the roads. A few things help in the decision making. One is, the district makes the recommendations for which roads they feel are a priority in their area, based on the quality of the road, and based again on whether it needs upgrading, I am talking about grading, a gravel job, or whether it needs asphalt or base and AST. It is an ongoing thing, and we have a grading system.

So the district puts that forward based on the quality of the road, the amount of traffic that is on there, and so that is sort of a blend that comes forward.

We then have senior staff take and look at all these things that each district submits, who come forward and make a suggestion of three times maybe what my—almost a five-year budget in terms of where we should prioritize it, and we look very closely at the grading of it.

Ultimately the final decision still rests with the minister in terms of how you call your priorities based on the information that comes forward, and those are judgment calls, and I suppose that is why I have the responsibility of being the minister. I base my decision and try to be as fair in terms of—let me elaborate on this a little bit. We look at trying to spread grading jobs, base and AST, asphalt and concrete jobs so that we have a blend, because we have contractors out there that specialize in the various fields, and we try and do a blend so that we have a cross section of work going out, so that the industry remains healthy to some degree. So all these things are taken into consideration. It is quite an undertaking to ultimately establish a program which is going to be acceptable to the construction industry as well as to the municipalities and the members of this Legislature.

Mr. Reid: Madam Chairperson, I thank the minister for that.

Manitoba has always been, from my experience at least, noted for soils that are less than stable. Of course, we have seen that in some of the highways, at least the highways that I have travelled in the province, where the conditions only remain in

excellent condition for a short number of years before they start to shift. There have been, and I have seen signs posted in years gone by and again just recently, that shows that different sections of road are under test.

Being that the minister has staff here now that has some construction experience, has there been experimentation with the different types of road bases that are used in the province to provide a more stable base so that the highways will remain in good condition for a lot longer period of time before they require any kind of an upgrade? Are there different types of testings that are ongoing?

* (2320)

Mr. Driedger: Madam Chairperson, I can give credit to my department indicating that there is an ongoing concern about better ways of doing things, and we try and avail ourselves of technology out of the States. We apply some of those tests here because their weather conditions are different. So it is an ongoing challenge in terms of trying to do some testing in certain areas to see whether new technology is better in terms of how we do it and stuff like that. So it is an ongoing thing. We actually have the privilege of availing ourselves.

My deputy minister is a member on a committee in the States. It does not cost us anything, but he is a member on there. They actually pay for him to come down. He brings back a lot of this technology, and we apply that to certain roads. We try it in certain sections. Based on that, over a period of time, we develop better ways of doing paving or asphalt and things of that nature, the bases that we use. So it is an ongoing thing.

Hon. Leonard Derkach (Minister of Education and Training): I can attest to that.

Mr. Reid: I am sure the Minister of Education and Training (Mr. Derkach) can attest to that. His highways are quite possibly in good shape in his area now.

There are, of course, many ways that one can, I am sure, with the experience that the minister's department has, utilize to improve the construction process that we do for our roads in the province. Are there major expenses that are involved with some of these experiments in road construction? One of the processes that I had heard about in past years was the underlying of the concrete sections with styrofoam that would prevent the frost upheaval

from taking too drastic an effect on the particular road services.

Is this type of process still in the experimental stages? Is it being considered for the road bases for new construction in the province?

Mr. Driedger: Madam Chairperson, I am advised by my ADM of Construction that we have been using styrofoam in cases where we feel it is warranted, based on the kind of soil conditions. We will continue to use that based on certain conditions. They have the technology and engineering experience to know when they feel it is advantageous to use that.

Mr. Reid: There were monies that are budgeted for snow clearing in the province. Of course, we have seen in the Supplementary Estimates where there is a little over \$.5 million increase in the budget.

Can the minister give me an indication on whether or not we have expended all of the monies that were budgeted for the snow clearing for the province in this past budget year? Why is there an increase of \$.5 million over last year's budgeted amount?

Mr. Driedger: Madam Chairperson, this is about the diciest area we have in terms of being able to pin down—well, not necessarily the most diciest, but we have the same thing in construction. For example, during the summer if the rains hit and we have grading jobs and the wet conditions prevail, sometimes the project gets delayed to the point where it does not get completed.

The diciest thing is in snow clearing because I cannot predict, nor can my staff—in spite of how much I pressure them to predict what the snow is going to be this coming year, it never happens that way, so what we have developed is an average figure in terms of the amount of snow. For example, last year in the southern portion of the province we had very good snow conditions. In the meantime the North was getting clobbered like crazy. When I still thought that we were not having any problems if it snowed, we had major snow clearing costs in the northern portion of the province. So we use an average figure.

Last year we underspent that by a million dollars and that lapses. When we run it to severe weather conditions and a lot of snow, then sometimes we have to go back for supplementary and ask, because of the conditions, that we get the extra funding for it, because we just stab in the dark. We

use basically the average figures and hope for the best.

Mr. Reid: Well, if you take an average figure and we underexpended by a million dollars in the last budget year, then why have we increased over \$.5 million for this budget year? Is there any particular reason for that particular increase?

Mr. Driedger: Madam Chairperson, as I indicated, it varies to some degree. If the member looks under Winter Maintenance and he looks at Snow Plowing and he says, why is there \$.5 million, if he looks at the top figure, Winter Maintenance, it is \$17.243 million and \$17.433 million. There is very little variance in there.

In '89-90, we spent \$18,213,000 for Winter Maintenance. In 1990-91 we spent \$14,500,381 in maintenance. It sort of a judgment call to some degree. We use sort of an average figure, so \$500,000 this way or that actually means nothing.

Mr. Reid: I thank the minister for that, and I can appreciate that it would be a judgment call. I do not think that he has any special lines to some with much greater power than all of us to be able to predict what the weather is going to do in the future.

My final question for this area is asking the minister, when we talked a few moments ago about the 2,000 kilometres of provincial roads that are being offloaded, and the fact that there are some consultations ongoing with Mr. Gourlay and the different municipalities and LGDs throughout the province that would be impacted by this decision when this list is finalized, I ask the minister to give me some indication on when he expects to have this list finalized and whether or not he would provide the list of the roads to us when they are available.

Mr. Driedger: Madam Chairperson, when the list is completed, I will make it available.

Mr. Gaudry: I have a copy of a letter here that was addressed to the Honourable Glen Findlay, the MLA for Springfield. This letter comes from Mrs. Cindy Mitchell of Dugald, Manitoba, and expresses a concern on Provincial Highway No. 15. The letter is just dated July 15. There was a copy that went to the minister.

Rather than reading the letter in full—I do not know whether the minister has any reply to the letter yet—but there are several concerns in regards to an increase of traffic and the speed increased from 90 kilometres to 100 kph, and the width of the road because of ever-increasing traffic on Highway 15. I

think we are all aware of that because of the increasing population in that area.

Can the minister indicate what he plans to do or if he has had a chance to review the letter? We would appreciate some indication if he has not got it here tonight.

Mr. Driedger: I might just indicate that the traffic to the eastern portion of the province, especially Highway 15, has been escalating dramatically, that Highway 15 would be one of the roads that should be considered for twinning up to Dugald at least.

We are looking at constructing the northeast perimeter which, you know, I wish would have happened 20 years ago. We are now getting that into the process in terms of a continuation of the bypass so we get pressure off the Lagimodiere lane there, which the member is well aware of.

I just want to indicate that I will be responding to her, and that Highway 15 certainly is one of those that should come on stream in terms of a priority, in terms of dualling in the future for safety reasons.

* (2330)

Mr. Gaudry: One short question and the last question in regards to signage, I was reading in the *Stonewall Argus*, just last week's copy, indicating that there were signs that were prepared for the St. Laurent area because of the White Horse School Division and the French population in the area. It indicated they were supposed to be installed for the 1st of July and now they have been put on hold till October 1. They say the signs are ready and they are stored in the garage. Why would they not be put on if they are ready to be put on, and why store them in a garage?

Mr. Driedger: Madam Chairperson, might I say to the member, comment ça va? Parlez-vous français? (How are you? Do you speak French?) I can understand a little French.

We have our signs ready. They will be put in place as decided by government. We have developed them. We have worked with the French Secretariat, the individual that is promoting the French aspect of it. We have identified all the areas where we will be putting up French signs, and we will be putting them on starting as of October 1.

Mr. Gaudry: Madam Chairperson, so it is just a delay in doing it across where the designated areas have been designated. So it will be just October 1 that they will start. It is not the fact that they are not

ready and you do not know when you are going to put them on.

Mr. Driedger: Madam Chairperson, I might indicate to the member that part of the reason why we will start October 1 is that summers are construction season when all our staff are very busy with all the projects that we have got going. By October 1 we start getting a little bit of slack, and then we will be doing the replacement.

Madam Chairman: Item 2. Operations and Maintenance (a) Maintenance Program \$55,433,000—pass.

2.(b) Winter Roads: (1) 100 percent Provincial \$90,000.

Mr. Reid: There seem to be some visitors in the Chamber here with us this evening who would like to speed the process along, I am sure, but we have many questions that we would like to have answers to before that takes place.

The provincial winter roads has seen a substantial drop in its budget from \$196,000 last year—and I am talking of the 100 percent provincial responsibility—down to \$90,000. That is \$106,000 drop in one year. Of course, many of the different communities through the middle of the province and in the northern remote areas of the province are going to be severely impacted by this decision of the minister's department to cut back this winter road program. In fact, we have had communications sent to us by the different communities that are going to be impacted by this decision.

I will start with my first question before I get into more specifics, and I ask the minister why this decision was undertaken to cut back on the winter road program to these communities knowing that their rail service, to those that have rail service, has been severely curtailed in the course of the last year due to decisions taken by VIA Rail and, as well, that these communities, and many of them that do not have rail service, their winter roads are now obviously going to be impacted by this decision. I would like the minister to give me some indication on why this decision was made.

Mr. Driedger: Madam Chairperson, first of all, I would like to indicate to the member that when I got to be minister, these roads that we basically have now cut back on, the winter roads, were not the responsibility of the Department of Highways and Transportation. The Department of Northern Affairs, you know, was doing some work in some of

these areas. When I became minister, we finally jointly provided winter roads to the communities Pukatawagan, Thicket Portage, Pikwitonei, Ilford and the Doghead crossing. Because of the financial obligations that my department was under, we identified areas where we thought we could maybe cut back, knowing it would create inconvenience, but communities that basically had rail service that did not have winter roads prior to our getting into government. So we have cut back on those and hopefully when the economy turns around, we can again provide winter roads.

In the meantime, I have to indicate that the Department of Northern Affairs is working very diligently with these communities to see whether there are alternatives that can be looked at in terms of providing a service. At the present time, these were some of the cost-cutting measures that I and my department had to go through in terms of looking at where we could save some money to achieve the objectives that were set for us.

Mr. Reid: Madam Chairperson, the minister talks about having to cut back and making tough decisions. Of course, these people themselves who are going to be impacted by this are going to have to make some tough decisions on whether or not they are going to be able to remain in these communities. Once you get used to having these services provided for you and then have to regress, it is going to be very difficult for them to do that in many cases, because they have become very reliant on the road access through the winter months and they have adjusted their economies to suit the road access that has been afforded to them.

One particular road that I would like to talk about here is the Bloodvein winter road—

Mr. Driedger: Doghead.

Mr. Reid: To the Doghead, that is right. Can the minister give me an indication on whether or not that particular road is going to be maintained? Is it going to be cut back or is it going to be eliminated?

Mr. Driedger: Madam Chairperson, the Doghead crossing has been eliminated for this year. This minister was the one who brought it in and actually allowed for provision. They have an option to go around, which is an extra three or four hours to go around by way of the Hole River in terms of the winter road.

The crossing at Doghead, I have to indicate that staff has been very, very adamant in terms of not

supporting that for the safety reasons, because there are undercurrents in that crossing out there that make it very difficult to maintain that as a winter road. We have done it now for a few years, but because there is an option and these are the things that we looked at, where there are options we look at the cost-saving measures.

As far as I am concerned, I want to suggest to the member and to many people in the communities that are affected, the cost is not that dramatic. If they feel it is such a great benefit to them, I am sure that many of the trucking outfits that provide the services or the communities that get the services, if they want to get together they can take and do that themselves. It was done at one time. Prior to our doing it as government, it was done by individuals from time to time who made that as a crossing.

So, unfortunately, we do not have the money for that. If everybody wants to band together and do it, I have no objection to it, but when we accept a portion of winter roads, we accept insurance and many other things that go with it as well. That option is there for the communities.

Mr. Reid: It is not only the access to the southern communities in the province that these people enjoy, and the opportunity for them to move their goods and services into their communities, but it is also the impact that it is going to have on the local residents and the employment that it provided for the people in these communities.

Has the minister taken into consideration how many of these people now—because these communities obviously are not going to be able to afford to maintain the full structure of winter roads in the province—has the minister's department undertaken an impact study of any type to determine how many people that are going to be now out of a job would have been employed on this winter road program, because it impacts on these different communities in the province? If you lose one job in a community of a few hundred people, it is a very serious impact upon them. Does the minister have any information that he could provide for us here today on that employment?

Mr. Driedger: Madam Chairperson, I would like to indicate to the member, if I undertook a study, that would be the easy cop out where I could study this thing for two years and come back with a report. That is not the case. We made a decision basically based on the guidelines that I had to meet. I have

to indicate that in terms of the total winter roads project the northern communities get all first preferences in terms of doing that. We have agreements with them and it creates a lot of employment. I am very supportive of the program that we have out there.

Ultimately, as funding allows, I think that we will be looking at providing maybe an all-weather road to some of these communities. It takes time but in the meantime, these are the circumstances that I am faced with and have to live with. These are the decisions that are made and I have to be there in supporting them.

* (2340)

Mr. Reid: Can the minister provide me with a list of the winter roads that are no longer going to be provided and the communities to which they serve? Does he have an indication on the number of people who would have been employed on these particular winter roads programs had they been maintained? Can he provide me with this information?

Mr. Driedger: Madam Chairperson, I have no difficulty. I will give the member a list of the roads that have been cut out, which we brought in as a hundred percent provincial roads and the ones that we will not be supplying. In terms of the employment factor, that is something that I am not sure whether I can give the precise information on. I will give him the list of the winter roads that we are not going to be maintaining to the communities that I mentioned before. The money speaks for itself in terms of the reduction that is there. Ultimately, if the member wants, I can try and break it down in terms of jobs but he can see the financial impact of what has happened there. We have to break it down between equipment, jobs and stuff of that nature because we tender these things.

Mr. Reid: The information I am seeking here is the roads and the communities that they service and the number of people who were employed in the past programs. That is all the information that I require on that, the people who are affected by this reduction of \$106,000 in that budget area.

Mr. Driedger: I will try and provide that as best I can within a period of time.

Mr. Reid: On the topic of all-weather roads, and I believe it would be appropriate under this area, I would like to ask the minister—I have had the opportunity, fortunately, to go to Churchill during the winter and to visit with the residents in the

community and to look at the community and the lifestyle that they lead there. Of course, being what I call on the outer edge of our province, their lifestyle is what I would consider to be somewhat more severe than what we lead in the city of Winnipeg. Of course, the residents in the Northwest Territories just beyond our northern borders in Manitoba have similar lifestyles that they lead there.

Has the minister or his department had any discussions with any of the government of the Northwest Territories to talk about an all-weather road or rail line that would link the bayline communities with the community of Churchill? Have there been any discussions undertaken in that respect?

Mr. Driedger: Madam Chairperson, I do not know whether I want to get into this dialogue for the simple reason—yes, I have to indicate to the member that I have had discussions with the Minister of Transportation from the Northwest Territories, Mr. Wray. I had actually anticipated meeting him at a conference not that long ago and, because of certain commitments here, I could not make that. I am looking forward—I want to indicate that we have the council of ministers meeting in September here in Winnipeg. We are hosting it. Manitoba is hosting the ministers this year. I expect Mr. Wray to be here.

I want to indicate that the Northwest Territories undertook a study with consultants in combination with the federal government in terms of transportation for the Northwest Territories and the various options. I have the report, and there are various options there in terms of looking at winter roads, all-weather roads, long-term projections, horrendous costs. I am looking forward to meeting with the minister—I have met with him before—to have further discussions to see exactly what they have in mind.

I want to indicate to the member, tongue-in-cheek, that when we start talking roads to Churchill, whether it is winter roads or otherwise, I am sensitive to the fact that CN and the Port of Churchill might not be that excited or very excited if we start negotiating this aspect of it. So I would like to really spend some time with the minister from the Northwest Territories and have a feel for what they have in mind before we start making any noises. I do not want to put any fuel on any potential fires before the time is right on that.

Mr. Reid: It is my understanding that there are some 6,000 residents in these bay communities in the Northwest Territories, and no doubt that there would be major expenses involved to construct either a rail line or a road infrastructure to service these communities. I do not mean even for a moment to suggest that we should become involved in any of those discussions with a view to having the elimination of the rail line that services the port community of Churchill, because I think the rail line is a very integral part in servicing the northern parts and the center parts of the province of Manitoba. I think it should be maintained and enhanced, preferably sooner rather than later. I know that has been a discussion with us here in this province for a number of years.

The reason I raise this subject is because I could see a potential there for Churchill to expand its base of business operations to be able to be the resupply point for a lot of these communities in the Northwest Territories, and I was looking with a view to expanding the operations of Churchill. If this government in conjunction with the Northwest Territories and the federal government, which would very obviously have to be involved in this process, were to sit down and talk about this, maybe some progress could be made in this area, and we could enhance the position that Churchill has and ensure their future. Right now the position they are in is very precarious, looking at the way the railways and the federal government have been treating the community.

I hope that when the minister does meet with the Northwest Territories' ministers and the other ministers, they are able to have good discussions, and that we can look positively to future benefits for the province and for Churchill itself. I hope that the minister will report back to the House any progress he might have made, because I would be interested in hearing the progress that is being made at these particular meetings.

I will not belabour that point at this time. Can the minister give me an indication on how it is determined for the winter road system, the all-weather roads, to equally cost share between the governments of Manitoba and Canada? Can he give me an indication on how it is arrived at? Which winter roads would be provided federal-provincial cost sharing and which would not?

Mr. Driedger: I inherited the system whereby an agreement was made that communities that were

not accessible by any means of transportation, like rail, that those are cost shared. Any communities that are accessible by rail, those are our responsibilities in terms of providing a winter road system. That is what we basically did, and we are cutting back on that because of economic conditions that the province is facing. By and large, the original agreement with the federal government is still in place and will continue to be that way.

Mr. Gaudry: Madam Chairperson, I would also indicate that I would like copies of the communities that have lost their winter roads that you will provide the other party with.

In the Supplementary here, you note, "Decrease due to the elimination of winter roads to communities with rail service." Does this mean that these rails have just been built in the last year?

Mr. Driedger: Madam Chairperson, these are the communities that have been served by rail for many, many years—only by rail. We actually in the last, since they got a new minister, provide winter roads to them where they could have access in the winter. Other than that, they never did have the winter road service. So we provided that in the last years, and now because of the economic conditions, we have cut back on that because they do have access by rail—limited services, granted, but at least they have access where you can bring in fuel, you can bring in other supplies by rail instead of by winter roads. That is one of the rationales why in trying to economize things we cut back on these services.

* (2350)

Mr. Gaudry: Yes, Madam Chairperson, in regard to the Recoverable from the Government of Canada, is this money paid in advance or just after, at the year end?

Mr. Driedger: Madam Chairperson, the cost-sharing arrangements with the federal government are paid at the end.

Mr. Gaudry: Well, I would not take a chance with the government, especially with—we look at firefighting services that we have had over two years ago. Well, it is a Tory government, I guess, but no, you are the Manitoba PC, you are not a Progressive Conservative anymore—just being facetious.

We have numerous letters here, but there is one especially, it is from the Pikwitonei Community Council in regard to their winter road service. They indicate why they would like to keep their winter roads. The letter was addressed to the Minister of

Highways and Transportation and also to the Minister of Northern Affairs. I am sure with—well, I am sure the Minister of Northern Affairs (Mr. Downey) at this time should be pleased to say that he has replied to the letter. I think maybe we would like to know what has happened and what are the replies from both ministers.

Mr. Driedger: Madam Chairperson, I have to indicate to the member that the decisions, some of the tough decisions, that were made in terms of cutting back in certain services, I have all the correspondence, and I have to indicate that my colleague the minister responsible for Northern Affairs and myself are looking at all kinds of options to see whether we can take and make it as easy and acceptable as possible for these communities.

Financially, if there was some way we could do it, we will do it, but we have to live within the limitations that were put before us. We accept that challenge and hope to see whether we can improve things for the future.

Mr. Gaudry: Yes, Madam Chairperson, another letter addressed to the Minister of Highways, and I would love to read it out into the record. It comes from the Ilford Community Council. Since the minister has a copy of the letter, in the near future could we have a copy of his reply so that he could indicate to us the concerns that these people have and what is the minister's position on all these concerns, or does he want me to read the letter into the record?

Mr. Driedger: Madam Chairperson, I give an undertaking to both critics that I will carbon copy them and my reply.

Madam Chairperson: Item 2.(b)(2) Shareable with Canada.

Mr. Reid: Madam Chair, there was an accident that happened this past winter. It was near the end of the winter, where a Shell tanker fuel truck went through the ice at the Pipestone ferry crossing. Of course, had that accident been more severe when the truck was through the ice and fuel leaked into the river, it would have contaminated the water for the residents that inhabit that area.

The residents themselves, through the Cross Lake Band of Indians, have written to the minister asking that a bridge be built across that area so that we do not have to incur similar problems where the ice is weak and the trucks and the vehicular traffic go through the ice.

Can the minister give me some kind of an indication on whether or not his department anticipates constructing a bridge over the east channel of the Nelson River at Cross Lake? Can he give me an indication of that please?

Mr. Driedger: I want to indicate to the member, first of all, the fact that the truck that went through the ice at that time, the individual did not—you know, there was a certain responsibility with the driver that took place. My understanding was that the contamination was controlled as much as possible. I know there was consternation at the time.

In terms of the construction of a bridge at that crossing, I have to indicate the cost is very, very exorbitant at this stage of the game. I have to be very honest and frank and indicate that there are no plans at the present time to construct a bridge at that crossing.

Mr. Reid: The new bridge in East Selkirk, of course, I am sure is working just fine and a lot of people use that and it was obviously a good plan eventually.

Can the minister, to go back to the Cross Lake situation near the Pipestone ferry crossing, give me an indication on whether or not studies have been done or estimates undertaken by his department to give us an indication of what it would cost to construct a bridge across that water opening so that these residents would have year-round access to the road and they would not have to rely on winter roads nor ferry crossings in the warmer months of the year? Can the minister tell me what it would cost to construct a bridge at that location?

Mr. Driedger: Madam Chairperson, our present estimates run in the area of \$9 million for a bridge.

Mr. Reid: Does the minister see an opportunity anywhere in the near future where we would be able to undertake the construction of a bridge for these people and what type of criteria would enter his decision in this respect, because obviously it is more than just the safety? There is the residents' ability to move about that is also a concern here, and they have certain restrictions. When the ice is starting to melt they cannot have the winter road operation, and that is the time where they cannot have the ferries in operation either, so they are bound or landlocked on either side of the water opening. Can the minister give me any indication when we could expect some kind of construction on that?

Mr. Driedger: I am very cognizant of the difficulties it is creating for the people at Cross Lake in terms of a certain time of year when they virtually have no communication with the outside world. However, the member asked me what it would take for us to start looking at moving in that direction. I would like to think that possibly the federal government has some moral obligation to get involved as well, as they do in many cases with our northern communities and isolated communities, which is their responsibility. If the community would approach the federal government to, say, talk to the provincial government, I think at that stage of the game we would probably be prepared to discuss something. I am receptive to enter into dialogue, but certainly I think there is some responsibility for the federal government.

Mr. Reid: I do not dispute that the federal government has a role to play here; in fact, I think they very much have a role to play. Has the minister and his department or any one of his colleagues' departments contacted the responsible departments in the federal government to determine whether or not they would be willing to undertake a cost-sharing arrangement or undertake the full cost of construction for this particular bridge in this location? Have any communications taken place, and if so, would the minister be prepared to table this information?

Mr. Driedger: Madam Chairperson, my involvement, or the provincial involvement with the Department of Native and Indian Affairs federally, we have ongoing dialogue. We have difficulty having the federal government or the Department of Indian Affairs sharing even road responsibilities on some of their reserves. We finally had a break-through on one, and I hope that is a precedent, that ultimately the federal government will accept the responsibility for doing that in other communities as well. I would be overly optimistic saying that something can be happening to the extent of a bridge out there, but we are talking with them all the time in terms of anything that we can cost share with them. I have to repeat that, without kicking the federal government, but they have not been that responsive in terms of participating in some of these cost-sharing arrangements which I think they have a responsibility for.

Madam Chairman: 2.(b)(2) Shareable with Canada \$3,034,000—pass.

2.(c) Operations and Contracts: (1) Salaries and Wages.

Mr. Reid: There has been a staffing reduction of some three staff years under this particular section of the minister's department and, of course, we have the corresponding decrease in the Managerial, Professional/Technical, Administrative Support budget areas. It indicates in the document that there is a decreased support services due to the reduction in the construction program. It is my understanding from what the minister has said in response to some of the questions in Question Period here that he is quite proud of the level of commitment by his government in the maintenance of the dollar value of the construction programs. I believe it is \$102 million for this year. I am wondering why we have to have a reduction of any people in this area where it is showing a three-person staff reduction. Why have we eliminated three people from this department considering that the budget has been more or less maintained for the construction program for this year?

* (0000)

(Mr. Jack Penner, Acting Chairman, in the Chair)

In this particular case, we can go through the process. I suggest to the member in all fairness, saying that if he wants to go through every reduction, I have indicated 114 SYs that have been reduced and that basically only five warm bodies have been deleted out of this system. In this particular case, it is two engineers and one clerk that have been reduced.

I want to suggest to him that the fluctuations within my staff, I think that possibly major issues that he has in his mind would be more important than going through each one, because I have the explanations. If he wants them I can give them to him, because we have a slight reduction in there. The one thing I indicated is that we have a slight reduction in our Capital Program, but this has all been something that over the period of years anticipating certain reduced expenditures that we are trying to rationalize within the department and trying to be as efficient as possible. In this particular case, it is two engineers, I repeat, and one clerk that have been reduced in this area.

Mr. Gaudry: Mr. Acting Chairman, I understand with the note there the decrease—but the construction program that has shrunk so much. I

know you said you have decreased by 114 SYs and five staff who have been transferred around. Did you say two engineers and one clerk? Do you think that two engineers would have to be laid off or let go because of that much difference in the construction program for this year?

Mr. Driedger: Mr. Acting Chairman, I want to indicate to the member that in this particular case these were vacant positions. As I indicated, we had 114 positions and most of them were vacant, so we just have not filled them. We ran last year's \$108-million operation on some vacant positions, and those positions have now been deleted. I cannot fill them, so we have put extra pressure on our staff basically. These were vacant positions; we just had not filled them. They have been deleted, because we were running from 5 percent to 6 percent vacancy rate last year.

So if the members are concerned about reductions in staff somewhere along the line, I will suggest to them, do not be concerned about that, because out of the whole 114 people, there were only five warm bodies that I had to delete because they were vacant positions. We ran a big program last year, maximum program last year, with these vacancies already there. So I suggest to them, you can ask me and I will give you the answers, but really the stats in terms of employment up or down are not that important. I think that possibly the members want to maybe concentrate on more general issues than just on the SYs.

Mr. Reid: I can appreciate what the minister is saying, and the night is obviously getting very late. Sometimes patience can get a little bit short, but these are areas that are important to us and that is why we ask these questions. Not that we are looking to put anyone on the spot, but we want answers so that we can make a determination on where the employment opportunities have been lost and whether or not these positions were vacant and whether or not there were actual people who were in these positions who have now lost their employment, and they may be on unemployment. If the minister could give us some kind of an indication, specifically within the different sections of his department, where these people, these four or five people that he saved in actual jobs that have been reduced, where these jobs have been lost and where these people have lost their employment. If the minister can give us that, then we can proceed onto other areas.

Mr. Driedger: Mr. Acting Chairman, I want to be very fair, and I am not being facetious, but I am prepared to take and indicate and present a paper—not tonight, because this is a rough working thing—but to indicate exactly where staff positions have been reduced. I will make sure the members have it in their hand by tomorrow. Would that be acceptable? That way they can save some time in terms of—and I am not trying to rush things, I am just indicating that I can explain piece by piece. I will take and give you a paper that will show exactly where the reductions have taken place so that you can understand what has happened in terms of total restructuring based on the reduction of PRs that we have, reduction on the program that I have, so that they can see exactly where these reductions took place. This would address the concerns of the critic from the Liberal Party in terms of whether we are reducing in the rural area or not. I will have that information for you, and you can take it from there.

The Acting Chairman (Mr. Penner): Item 2.(c) Operations and Contracts: (1) Salaries \$1,701,600—pass; 2.(c)(2) Other Expenditures \$347,000—pass.

2.(d) Bridges and Structures: (1) Salaries \$1,705,800.

Mr. Gaudry: Mr. Acting Chairperson, one question. What sort of assistance are rural municipalities going to receive to take over provincial responsibilities for maintenance of bridges and other structures?

Mr. Driedger: Mr. Acting Chairman, none, because the program that I had introduced, and I thought it was a good program as I indicated before, is going to be terminated. I am hoping to restore that somewhere along the line because I think there is a valid need for that. Given the opportunity somewhere along the line, economically or financing allowing it, I would like to reinstate that, but right now there is no program available other than through the Department of Natural Resources under the Water Resources program.

Mr. Gaudry: Mr. Acting Chairperson, again, we see the reduction of SYs with three. Is that the same thing as previous answers on reduction of—

Mr. Driedger: Yes, Mr. Acting Chairman.

The Acting Chairman (Mr. Penner): 2.(d) Bridges and Structures (1) Salaries \$1,705,800—pass; 2.(d)(2) Other Expenditures \$125,100—pass;

2.(d)(3) Bridge Maintenance \$825,000—pass; Total amount \$2,655,900—pass.

2.(e) Transport Compliance (1) Salaries and Wages.

Mr. Reid: Mr. Acting Chairperson, this area has seen a significant reduction in the staff years. Were these jobs vacant or were there actual people performing these functions where the positions were eliminated? There are six staff years eliminated here. If there were people in it, can the minister give me an indication on what functions they actually performed under Transport Compliance?

* (0010)

This is a very important area for highway safety in this province, particularly where there are dangerous goods being transported. I think it is important for us to know whether or not these positions were vacant and, if they were, why were they vacant? If there were people in them, why were they eliminated?

Mr. Driedger: Mr. Acting Chairman, this is the one area where I am vulnerable in terms of the positions that we have identified. This is where warm bodies were identified and laid off. The cutback came in the area of weight inspectors that we have, probably the most unpopular guys in my department, who go around and pull guys over and check their weights and give them tickets. This is the area where possibly the biggest hurt came in my department, where we laid off six inspectors.

Basically, if the member has travelled in the rural area where you see my van sitting on the side of the road with four people in there pulling over trucks and doing the scales, the portable scales, et cetera, this is the area where that took place.

Mr. Reid: Mr. Acting Chairman, this is a fairly important area, as I have indicated. Now the minister tells us that these people were involved in the weight inspections. Were they also responsible for other duties when they were out doing their inspections, their weight inspections? Do they have other duties that they would normally perform, such as safety inspections of the equipment?

Mr. Driedger: Mr. Acting Chairman, I suspected that this is where the member would come from. No, these are not the ones that basically effect the safety inspections of the tractors, trailers, et cetera. This is strictly to do with the weight inspections, the inspectors who go out there and check the weights.

So it is not the area where the member has had a concern in the past, as he has raised, justifiably so. This is not the area.

Mr. Reid: Mr. Acting Chairman, the minister is correct. I have a great deal of concern with the safety inspections that are taking place in this province here on the different carriers in the province, trucks and rail both, because both have been involved in situations that have been very hazardous to the residents about them. I have brought matters to the minister's attention dealing with safety concerns with the trucking industry and not wanting to jeopardize the operations of those industries that I brought to the minister's attention. We did not mention the name of those companies.

We saw with the difficulties that the one railway company had just a week and a half, two weeks ago, where they had dangerous commodities involved. It derailed, and the residents had to be evacuated.

The inspectors that would normally do the work on these particular pieces of equipment, transportation equipment, whether it be rail, air or trucking, does the minister have people in his department who are specialized, ones who would do trucking, ones who would do rail equipment, and ones who would do airline equipment? Can the minister give me an indication on that, please?

(Madam Chairman in the Chair)

Mr. Driedger: I want to indicate that any rail inspections are the responsibility of the federal government to have a safety board that does these kind of things. The province is responsible for road transportation in terms of inspecting tractors, trailers, et cetera. We have no responsibility or input into the rail inspections. It is the same thing with the air inspections. This is federal responsibility. There are clear delineations in terms of who is responsible for what.

Though we play a role in terms of having—when the derailment took place in St. Lazare, we had a role to play. Our people are out there, my Highways staff, the environmental people. We had more people there than the federal government. The federal government has a responsibility to look after the rail inspections in terms of safety.

I will tell you something. I may as well assure the member right now. I have checked on this since the time that it was raised in this House. All information I have is that the accidents on rails are down dramatically. There has been no shift or lessening

of the inspections that have taken place. I have a sheet here somewhere along the line that indicates exactly the reduction in terms of accidents and the quality of inspection still being there. I just want to indicate that to the member.

Mr. Reid: Madam Chairperson, I can appreciate the minister's position when we talk about rail inspection and rail safety. I think it is incumbent upon us in the government, in the departments that we operate here, to ensure the safety of the public at large.

Although there is delineation between the responsibilities of the provincial and federal governments, I think we have to be ever conscience of the fact that certain practices are taking place within the province in these different industries that are not what I would consider to be the safest practices.

I know that for a fact, because I was previously employed in one of these industries and I saw the practices that were undertaken by this industry and are still ongoing today. I am talking about the rail industry. These rail pieces of equipment that are in the yards here come into the yards, and they are supposed to be inspected. They used to have people walking down either sides of the train and inspecting the underframes and the truck equipment, the wheels, the axles and the truck frames themselves. What we have now is, we have people running up and down these trains that are in the yards on ATVs doing their 15- and 20-mile-an-hour inspections as they run by them.

There is not a person on this earth I know of who has the vision to be able to look in behind a piece of steel without getting off the machine. These inspections are still supposed to be taking place. Then they still have inspectors who stand on the side of the road as these trains roll by. They call it the roll-by inspection. They are supposed to detect defects or problems with the truck assemblies or the underframe of these pieces of rolling stock equipment.

I do not think that is a safe practice. When you have dangerous commodities that are involved like we see the magnitude that is being shipped across the country now, this puts every community at risk that these pieces of rolling stock go through. That is why I bring to the minister's attention these practices that are taking place, and I ask for him and his department to raise these matters with the

federal minister to ensure that the proper practices are put back into place, so that these safety inspections can be undertaken, so that we do not put at risk these people in the different communities.

Mr. Driedger: Madam Chairperson, I am the first one to admit when I am beat, because this member certainly has more knowledge and involvement in terms of those kinds of aspects than I will ever have.

I want to indicate to him that if he wants—obviously, because this is his personal forte in terms of involvement, if he has concerns along that line, I am prepared to accept him to write to me indicating the concerns that he has. I will forward that on and use part of that in terms of raising the concerns, because he definitely has an advantage over me in that regard.

I want to indicate to him that whether it is highways or railways or any aspect of it, safety has always been a very personal thing with me. I do not want to get into personal issues about why it is that way, but I think justifiably we all feel very concerned about making sure that safety is an important thing. I want to assure the member, if he would send me his documentation, I will sort that out and use that as part of my presentation in terms of safety for the future.

Mr. Reid: I thank the minister for that, and I will undertake to forward correspondence to him indicating the practices that are presently ongoing in at least the one railway and, I am sure, the other railway that is operating in the province.

I raised with the minister previously in Question Period and in private discussions the fact that there are safety practices that are supposed to be taking place that are not taking place in the province of Manitoba with the inspection and repair of trucking equipment and the tractors and the trailers.

Can the minister give me an indication on whether or not these pieces of equipment have been inspected and what procedures he has now in place for this particular company? What can we expect as far as this company fulfilling its obligations to the safety of this province?

Mr. Driedger: My registrar is sitting up there waiting for his turn to get into the hot seat here. That comes in his category, and I have all the information for him if he wants it. I would wonder if the member could wait until we get to that category, and then I would be prepared to give him the answers. I can

try and give what information I have now, but I would rather have my registrar here when I am doing that.

Mr. Reid: I would be prepared to wait until a later section to raise that matter with the minister.

I believe this area of Transport Compliance is the area—and the minister can correct me on this if I am wrong—where we have inspectors do the actual highway inspections of the trucking equipment that moves through the province, ones that are headquartered in the province and in the country and also foreign equipment.

* (0020)

Can the minister indicate to me how many people do the actual inspections, since we were forced into negotiations, I am told, for the deregulation of the trucking industry in this province and this country? We undertook at that time to ensure that extra inspectors would be put into place to ensure that trucking equipment would be safe to travel on our highways in this province. Can the minister tell me what the previous level of inspectors were '89-90 versus what we have in place today?

Mr. Driedger: The compliance area that we are dealing with here, and I am not trying to get out of it, but that is an area that actually comes under the registrar's responsibility in terms of how we do these things.

I wonder if the member would be prepared to wait until we get to that area, because I have a very capable registrar and, with all this information, it will make it a little easier. This is basically just with the compliance end of it under weight, on roads, so if we could—I am trying to give the—Transport, Safety and Regulation on page 97.

If the member would be prepared to allow that to happen then, that is where we get to his favourite subject. I am prepared to do it at that time, because now I would sort of be ad-libbing it a little bit, and I would like to have very qualified professional advice when I do that.

Mr. Reid: Madam Chair, I would be willing to wait until that section to raise that matter, even though it may not be this evening that we have the opportunity to raise that.

So that I am asking the questions under the proper section here, I will put another question. In the Expected Results under Transport Compliance, it talks about an acceptable degree of compliance with The Highway Traffic Act. That seems to be a

very general broad-based term, "acceptable degree of compliance." I was always of the impression you either were in compliance or you were not in compliance with the safety aspects.

Can the minister give me an indication on why that reference would be in there? Are there certain leeways?

Mr. Driedger: Madam Chairperson, I can understand the difficulty that the member has in terms of transportation compliance and the area that I made reference to under page 97. There are two distinct areas here. One basically has to do with only the weight compliances and one has to do with the safety compliances. I am not critical of the member, because I had the same difficulty.

There are various areas under the National Safety Code which again come under the registrar.

So this is basically—and I am glad I actually stress this with my staff, because basically Traffic Compliance has to do only with the weights end of it. It has nothing to do with the vehicle inspections and stuff like that which come under the other area. With the member's indulgence, we will deal with it there if we can, because then I will have my professional down here who can qualify some of the statements that we will make at that time, if that is acceptable.

Mr. Reid: I will try one more question, Madam Chairperson, on this then. There is another section on the same page under Transport Compliance, and if all these areas do not belong in there, I do not know why they are written into the document here, because it sure is confusing for someone in my position who is supposed to go through this and try and ask intelligent questions on this.

There is a section here that talks about the collection of various single trip, fuel tax and permit fees. Does that come under weights? Am I allowed to ask a question under this section?

Activity Identification on page 44, a single line in the middle of the page: "Collection of various single trip, fuel tax, and permit fees." Can the minister give me an indication on that process that is there and what is involved? I am looking particularly at the fuel tax aspect of it, although I am interested in the other areas of that particular line, what it refers to.

Mr. Driedger: Madam Chairperson, I will try. I understand, sort of, the frustration that the member is going through because I went through that myself, because there are certain elements here—one has

to do with safety, one has to do with other aspects of it.

The current status under this area provides uniform inspection of vehicles in compliance with The Highway Traffic Act, The Dangerous Goods Handling and Transportation Act and regulations made thereunder as they pertain to the trucking transportation industry throughout the province. Elements include: weights and dimensions; equipment safety based only on lamps, brakes, flares, et cetera, not the full safety inspections as it comes under the national safety code; economic regulation; driver and vehicle licences; placarding and documentation for dangerous goods—this means the signs they have on, wide and dangerous goods; and the hours of service element of the national safety code.

This is one element of it. I do not blame the member for being a little bit frustrated, but that is how it is. I want to make sure that I give him the right information. I went through the frustration of this when I went through the Estimate process with my staff. It is sort of split between what certain people and what the other people do.

Mr. Gaudry: In the last Estimates, Madam Chairperson, the minister stated that additional highways and provincial roads have been redesignated to permit increased loads on them. Has there been work done to improve these sections to indeed sustain such increased axle weight?

Mr. Driedger: I want to indicate to the member that when we extended the TAC routes—it used to be RTAC, now it is TAC routes because they changed the name last year—staff have gone out and done the inspections in terms of the quality of our highways. Again the structures were the main concern.

We have ongoing applications from trucking industries, HBM&S, we have requests from Repap who request extension of the RTAC loading or the TAC loading. We have a system in terms of how we establish the kind of weights that roads can carry, as well as bridges. That is all taken into consideration. As applications come forward, we look—if it is a matter of maybe having a bridge between Ponton and Thompson that would not allow that or the road is not good enough, well then we do not allow that. So we look at where we can improve the roads or structures and then ultimately

we can—you know we would like to comply and have every road or PTH designated as a TAC route with the extra loading, but we cannot do that until we are assured, based on my professional people here saying that the road is strong enough to do it or that the bridges are strong enough to take it. It is an ongoing process. It is very exciting and challenging. We try and comply with the trucking industry to do that.

Mr. Gaudry: Madam Chairperson, how much additional cost does the department anticipate that such a reclassification will incur in the way of increased maintenance?

Mr. Driedger: Madam Chairperson, I want to indicate to the member that in the Repap agreement, you know, there was an agreement made that until they get their licence and can comply with the obligation that they have in terms of expanding their operation at The Pas, we are looking at spending \$90 million in terms of road strengthening and shoulder widening and stuff of that nature. There are dramatic costs involved with these things. Other than that, I cannot really indicate, because it depends on which routes we take. We have looked at the strengths of the highways in terms of the roads that we have designated as tack loading, and we have to have justification to do that. If we feel it is in the economic benefit for the province, then we weigh the costs of upgrading these roads and bridges and then we will try and accommodate.

Mr. Gaudry: Madam Chairperson, one last question regarding the explanatory note on page 45 "Decrease due to rationalization of compliance activities." Can the minister tell us how have compliance activities been rationalized?

Mr. Driedger: Madam Chairperson, as I indicated before, we reduced six inspectors and these were the warm bodies out of the 114 that we had to reduce that we reduced in here, and these were the ones who basically did the inspections for weight, et cetera.

* (0030)

Mr. Reid: Madam Chairperson, if I might pick up on that. Since the six weight inspectors for the trucking equipment have now been eliminated, how many people does it leave to perform this function in the province of Manitoba? Why is it that we can afford to do away with these six inspectors now? What changes have there been in the trucking activity that

would allow us to eliminate these positions? Why has there been an increase in all of the other expenditures that are involved, since we have six less inspectors that would be travelling about to do this? The transportation costs have gone up. The communication, supplies of service, everything in the expenditures have gone up, and yet we have less people.

Mr. Driedger: Madam Chairperson, I would like to indicate to the member that if he received the calls that I have from people who are out there trucking, they would say that I should reduce them all. We had 53 and we are down to 47. I will tell you something. They are creating great consternation to every trucker who is out there, having a little bit of overweight and stuff like that. We still think that we are doing a very capable job of it in terms of making sure that they comply, because they do not know where our inspectors are, so we feel that we are still doing a capable job. Out of 53, we are down to 47, which still gives us a fair component in terms of inspection throughout the province.

Mr. Reid: I take it then that these people were given the buyout options, were they? Were these some of the senior people in this particular department, or were these people who were in the junior ranks of these technical and professional people, and were they forced out of their jobs through layoff?

Mr. Driedger: Madam Chairperson, because of the changes in our staff and stuff like that, I have to indicate there is one person that we have not gotten a job for yet. Other than that they are all looked after.

Madam Chairperson: Item 2.(e) Transport Compliance: (1) Salaries and Wages \$1,621,500—pass; 2.(e)(2) Other Expenditures \$410,800—pass.

2.(f) District Offices: (1) Salaries and Wages \$7,652,800.

Mr. Reid: Madam Chairperson, there are 11 staff years left here. Were these vacant positions?

Mr. Driedger: Madam Chairperson, yes.

Mr. Reid: Could the minister give us an indication where throughout the province these positions were located?

Mr. Driedger: Madam Chairperson, we have 13 districts, and there were 11 reduced out of 13 district offices, so basically one for each district office.

Mr. Gaudry: Madam Chairperson, this reduction in staff, is this due to the offloading to the municipalities?

Mr. Driedger: Yes.

Madam Chairman: Item 2.(f) District Offices: (1) Salaries and Wages \$7,652,800—pass; 2.(f)(2) Other Expenditures \$1,200,000—pass.

2.(g) Other Jurisdictions: (1) Gross Expenditures \$3,000,000.

Mr. Reid: Madam Chairperson, I believe the minister's department co-ordinates construction projects, it indicates here, and it also provides expertise to jurisdictions within the province that are undertaking repairs or construction and provides expertise to these jurisdictions.

Will the province be providing the technical expertise to these jurisdictions that are going to have to now look after these roads they are going to be providing and charging these different communities for the roads they are going to be now undertaking to—under their jurisdiction in the different municipalities?

Mr. Driedger: Madam Chairperson, I would like to indicate that this is an area that has created some concern for me with the reduction, because by and large this is where my Highways departmental staff in the districts provided services to municipalities, councils, towns, villages, et cetera.

What we have done, because there was a reduction that was requested in this area from myself, you know a target to meet, I have instructed staff to go out and encourage councils, whether they are municipalities, towns, villages, to encourage them to try and get the private sector to provide the service. The service that I provided through my department in terms of technical services, basically we tacked on 38 percent overhead costs in terms of providing all the frills that government basically provides for their employees. So we are suggesting to these councils that you can get a cheaper service possibly through the private sector in terms of getting the technical service, in terms of engineering services, et cetera. We are trying to work very closely with them and saying, hey, there might be a better way. I know there is a reduction here.

We are encouraging them to use a more efficient way which will maybe help them to get their projects done in a more efficient way. So I just want to indicate that this is something that, by and large, all it affects in my department is—like it was cost

recovery anyway, but it was charged to my department and the revenues went into the general revenue. In terms of the total picture, we have tried to reduce the picture the way it is and we are encouraging the municipalities. I repeat again that there is a more efficient way of doing it. It is working well. I have instructed staff to get out there and PR with these people. I explained this to them, and I am very pleased the way it is going at the present time.

Mr. Gaudry: Madam Chairperson, what is the purpose of this section?

Mr. Driedger: Madam Chairperson, this basically was where my professional staff in the districts gave advice in terms of survey work, in terms of design work, in terms of—my engineers, basically, in the district offices went out and did work for, let us see, a UVD which is a separate authority or a municipality in terms of drainage projects. Whatever they did, we gave advice to them, but we charged them for it. We charged them for it at government rates. Because it was totally recoverable, there was no cost to government. Because we had the professional people there—but in my Estimates it shows it as part of the cost. When you reduce your Estimates in the department, you know, it is sort of a little bit like—how would I put that?—wind on rabbit tracks. It is there and is not there.

The department really never had a benefit from it because the service we provided, we charged the organization and it went into general revenue, but it showed as a charge to us. It was a service that we provided to organizations but we never—and they got benefit out of it, but they paid the full price for it. We think that by encouraging them to look to the private sector, it is going to be cheaper for them.

Mr. Gaudry: Madam Chairperson, you are saying to go to the private sector, but what specialized services will the government continue to give to these municipalities?

Mr. Driedger: Madam Chairperson, where these services cannot be provided by the private sector, we still provide them. I also want to indicate under this section here that we, my department, provides services to Hydro, Telephones, and other Crown corporations. We provide on a cost-recovery basis, so this is basically in my department that shows as an expense and we really get nothing out of it.

* (0040)

Madam Chairman: Item 2.(g) Other Jurisdictions: (1) Gross Expenditures \$3,000,000—pass; 2.(g)(2) Less: Recoverable from Other Appropriations \$1,000,000—pass.

Resolution 75: RESOLVED that there be granted to Her Majesty a sum not exceeding \$76,146,600 for Highways and Transportation, Operations and Maintenance, for the fiscal year ending the 31st day of March, 1992—pass.

Item 3. Planning and Design and Land Surveys
(a) Planning and Design.

Mr. Reid: I have some questions here I need some guidance from the minister on, because I may be able to ask these under other areas where the minister's staff would be more able to assist him in this.

The minister mentioned a short while ago about the eastern Perimeter program, and I know we are talking about Planning and Design here, but in the previous Estimates last fall, last November 22, the minister indicated that there was some planning and design work that was undergoing for that particular project. Would it be appropriate for me to ask questions on that project here, or would the minister feel more comfortable for me to ask that maybe under the Capital portion of the Estimates?

Mr. Driedger: Madam Chairperson, I want to indicate to the member that this would be the appropriate area to ask. I just want to indicate that, just to give maybe some background information on that, the process that we have in terms of the northeast Perimeter, by and large, there was some work done previously, there was some acquisition that still had to be acquired working with the municipalities, and in the last year's budget we basically looked at doing the balance of the acquisition right away and some technical design in terms of the area that we needed.

What we are doing at the present time, we have consultants hired, we hired consultants to do the overpass, the underpass at Highway 15 because we have two major rail lines, CP and CN, and then we have Highway 15, and so in terms of a proper bypass, whether it is overpass or underpass, we have three major structures plus a structure at Lagimodiere or 59, where the bypass basically ends. So there are basically four structures, the one on 59 north some adjustment is needed, I think we will probably hire a consultant for that as well, so we have four structures that we are basically involved

in. That is the process we are in right now on the bypass.

Mr. Reid: Can the minister give me an indication on whether or not a decision has been made to go with the underpass at the Highway 15-CN rail point, and whether or not we will be going with an overpass at the CP rail point and when we might expect the next phase of this construction program to get underway? I have other questions I wish to ask in respect to this, because it impacts on the residents along the right-of-way there.

Mr. Driedger: Madam Chairperson, my staff tells me we are looking at an underpass at 15 and the railway, and that consultants have been hired to do the design of this aspect of it.

Mr. Reid: Could the minister give me some kind of a timetable on what we would normally expect to see as far as construction start-up, or is he going to start with the underpass-overpass sections first? What would he expect to see as far as this project is concerned?

Mr. Driedger: Madam Chairperson, because of the various structures involved and certain grading involved we could probably, monies being available, look at the first project being ready to roll by maybe next year. It will be done in stages because of the, you know, many major megaprojects, because I have to indicate to the member that we are looking at well over \$60 million in terms of that project right now because of the complexity and the kind of construction that we are looking at, and that is megabucks.

So it is not something I can indicate to the members that we will be able to do in the next two or three years, because when you consider the size of my budget and what has to happen—but I am just very pleased to indicate that we are on track and we are starting to move on that. I wish it would have happened 25 years ago. The cost would have been a lot less.

Mr. Reid: I can appreciate the minister's comments, considering the cost of \$60 million that we are now facing to move ahead with this program.

I have received some correspondence from constituents of mine who are very concerned about the access onto that particular highway once it is underway and completed. Does the minister's department under Planning and Design—can he give me an indication on what we are to expect to see as entrances onto this highway. Is it going to

be controlled access, or are the different roads from the eastern portion of the community of Transcona going to be allowed to access onto the highway through the existing major roads in the community? I am talking particularly about Pandora East, Kildare, and possibly McMeans East. Will they be accessing right onto that particular highway?

Mr. Driedger: Madam Chairperson, I do not have the details here, but I want to indicate to the member that I know that we have preliminary, you know, projections done on this, and I want to encourage him to maybe make contact with my department and we will try and give him all the available information there in terms of exactly the details in terms of that. I have to indicate also that when we look at something like the by-passes, whether it is the 100 or the 101, that by and large we look at having limited access as much as possible because that is the whole purpose of it.

If we did not want to have limited access to these kinds of bypasses, then we might as well take them through the city and have them read every stop sign. I say that as a broad statement, but certainly any plans we have available, I want to indicate to the member that he can come and have a look at them and give some indication. We go through an extensive process every time we do this. Whether it is twinning or we do any changes, we go through a public process in terms of public inquiry to make sure that people know and municipalities know. We give them every opportunity to get involved to make sure that they feel comfortable with it. As much as possible, we try and comply because there is a perception out there, and I had that before I got to be minister, that Highways ride roughshod, when they make a decision they go right over everybody and make up their own mind and do not listen to anybody.

I want to indicate to the member that is not so, that by and large the department is very, very conscientious and I stress this very strongly. Let us try and be as compassionate and reasonable as possible in terms of making everybody happy. You will never make everybody happy but you try and do that as much as possible. I want to compliment staff, that we break our backs, by and large, to make sure that everybody's concerns are met within reason, as much as possible.

Mr. Reid: I am glad the minister raised that compassion and understanding, because I have received correspondence from the residents of

eastern Transcona who are quite concerned about the highway construction and when it is going to be undertaken because they have one particular road, Kildare East, that currently goes through the berm and onto the highway right of way, and they have a lot of traffic coming off that area now. It is causing quite a concern for the residents because it is what you might consider to be off-road vehicular traffic. I will consult with and talk to the minister's department to get a further clarification on it. I thank him for that.

Also, one last point on this matter is the actual sound berms that were built backing onto the residences along the way, were put in such a place as they impacted upon the actual properties for the homeowners along the way there, to the point now where they have to build their fences to close in their yards, and they go up at a 45 degree angle. They have to run along the top of the sound berm there. Is it the province that is responsible for this or is it the city of Winnipeg that is responsible for this faux pas in this situation?

* (0050)

Mr. Driedger: Madam Chairperson, I am not quite sure. I will try and get that information, staff will take note of it and I will try and get that information. By and large, I want to repeat again that it is extremely difficult because, you know, my perception always was that when we undertake a major project, everybody should be applauding it. This is not always the case, you know, because it affects people in different ways and then there are negative downsides to it. The one thing we have always tried to do is to make it as palatable as possible because there will be 50 percent applauding and saying great jobs and there are going to be the others that are affected negatively.

I do not want to waste too much time with this kind of thing but I want to indicate to the member if you, especially on the northeast Perimeter which has been sitting there and festering for 25 years, should have taken place—I encourage him and both critics to come forward and I will have staff take and show you what we have, where we are at right now, what we are looking at, and that does not mean the completed projects in terms of the actual final design that takes place. You have an idea of what is taking place and if we have the concerns, we will try and address it because that is the one thing I have always taken pride in is to make sure that if there are some concerns somewhere along the line, to the best of our ability we will try and accommodate that.

Mr. Reid: I thank the minister for that and I will take the opportunity to talk with his department to find out why these situations happened and hopefully they can be rectified. I did take the opportunity to talk with the residents that were bordering upon this highway right of way. They are all aware that this highway is going to be going through within, hopefully, a short period of time. I must admit that everyone that I spoke to was supportive of it. I, myself, am supportive of it. I have always been. I know that there is a great deal of money that is involved and unfortunately it did not take place much sooner.

The questions I raised with the minister here were questions that were presented to me by the residential people there. That is why I raised them with the minister, and I will raise them with his staff as well.

I have two other questions under this area. There was some discussion—I believe some public meetings were held—about 59 South. Is there planning that is under way and maybe design work that is supposed to take place from, say, the Winnipeg limits, Perimeter to Ile des Chenes, I believe? Can the minister give me some kind of an indication on that particular project?

Mr. Driedger: Madam Chairperson, I have been a member in this Legislature almost 14 years, and if there is one highway that I would want to see, as minister responsible—I have been minister now for a little over three years—God, do I want Highway 59 twinned to Ile des Chenes, because it is called the Death Row, in terms of the traffic that is on there.

I have to indicate—now I will be serious. Really, it is a matter of major concern with me, and I want to indicate to the member that Highway 59 south is one of the highest travelled highways in the province. We hired a consultant; the hearings have been set; they have met with the municipalities. I think—on which date? Help me out, Madam Chairperson. Which date was the hearing out there, eleventh? Anyway, one of the final hearings with the people out in the area. I think everybody is supportive.

I will tell you something. Having travelled that road for 14 years, or almost 14 years as a member, I am frustrated by the fact that initially when the consultants came forward—and this is where sometimes I question the consultants, because the first alternatives that were looked at, which were

four, some of them were just mind-boggling. I think the one that they ultimately are looking at is something that I, in my mind, can live with, having travelled that road many times. I know there are still going to be unhappy people. In fact, if the member wants to raise a question about Polanski, whatever the case may be, I will be meeting with him. There is a service station there.

We have affected very few residences. If ultimately, finally, the consultants come up with a design that I think is reasonable and least costly, anything could happen. I am looking forward to the day, and I hope I am there long enough to be able to make sure that this sucker comes into that shoot, that ultimately can take place, because boy, do I want that one.

Mr. Reid: I can understand the minister is concerned. I had many opportunities to travel to the community of Ile des Chenes, and there were concerns, but I hope the minister realizes that there are other major projects in the province that need—

Mr. Driedger: Traffic count, traffic count.

Mr. Reid: I know there is traffic count as well, but there are also major projects that have been around for a long time that require investment as well, but I will not belabour that point.

There is also the Conawapa construction project. Does the minister's department undertake the road construction to the potential new dam site? The key word here is "potential" new dam site. Does the minister's department undertake that road construction in there, and if so, when does he anticipate that this would be undertaken?

Mr. Driedger: Madam Chairperson, I want to indicate that Hydro engaged the services of some of my staff out of that district out there to do the design and were hired at a cost of a million dollars, which was a contract for the department in terms of doing the design for the road as well as doing the supervision for the construction. The construction is well on track in terms of taking place right now. I hope that if this place ever closes down, I intend to be up there having a look at it.

Mr. Reid: Well, I know, Madam Chairperson, that the minister had made some comments about visiting that area once the first ships came into the port of Churchill and, of course, we are still waiting for that. So I hope that when the minister takes the opportunity to go and visit what may soon be the first

ship to Churchill that he will view the Conawapa site too, as I had the opportunity to do this past winter.

The minister mentioned that Hydro had engaged sections of his department, and the cost was \$1 million. Is that the only expense or expertise that the minister would have to provide? There was no actual expenditure of funds from his department to this road?

Mr. Driedger: Madam Chairperson, we are providing these kinds of services only on an accounts collectible basis, and that is the expertise basically and the supervision.

Mr. Gaudry: Madam Chairperson, in regard again to the decrease in support services due to the reduction in construction programs, the municipalities, will they be expected to perform their own planning and design?

Mr. Driedger: Yes.

Mr. Reid: One question, and I am not sure if it falls under this section or not, it is the public tender process for structures that are no longer needed by the department or any other government department. Would it fall under this section here that I could ask one question on?

Mr. Driedger: Madam Chairperson, I have always been very receptive to, you know, if something has been missed to try and cover it. I am told that we have covered this, but I wonder if the member wants to be more specific. I will try and answer it.

Mr. Reid: Madam Chairperson, I was not aware that would have been covered under another section. Otherwise, I would have asked it there. The question I have is, I think, a very simple one. There were two Orders-in-Council, 631, 632, that were processed. They are for building structures, homes and garages, mostly homes, of varying sizes that were sold through, I believe, the tender process. Looking at the fees or the values of these properties that were sold, it is a very modest amount, and considering that one of them is I believe 2,200 square feet and it was sold for some—it was under \$20,000. So that is a significant savings for an individual even if they have to move the structure. Is there a market value determination done on these properties before they are put up for the public tender process so that when they do go for tender and the bids come in that we know we are receiving good dollar value for the properties that we are selling?

* (0100)

Mr. Driedger: Madam Chairperson, I would like to indicate to the member that when we designate a certain highway as we have done, let us say, with Highways 3 and 14 between Morden and Winkler, where we then try to expropriate or we try and buy up the right-of-way through the Minister of Government Services (Mr. Ducharme) and his Land Acquisition branch. If they cannot come to an agreement, then ultimately we go to expropriation. It comes to my office, I sign it, and it goes to cabinet, and cabinet approves or not approves. In most cases, they approve it, and we do the expropriation which basically allows us right of entry into these properties.

That does not mean the settlement is made because then that individual can then take and go out and—so we go through the expropriation process. So that individual where we expropriate still does not have to settle. They can go out and go to the Land Value Appraisal Commission and have them deal with the issue in terms of—or they can go to court. So that is the process in terms of acquiring the property.

Once we have acquired the property, whether it is a house, business, whatever the case may be, then we go through the process of trying to get rid of it, and then we go through a process where we allow municipalities, school divisions—anybody who is in a public organization gets first crack at it, first of all, government departments and then the other organizations. Ultimately, if nobody expresses interest in it, we put it up for tender, and then we sell it for the best tender. I will tell you sometimes what my department pays for it and what we get for it is not necessarily the same. You know it is a little frustrating, but that is how the process is set up. It has been there for years, and it works well.

Madam Chairperson: The hour being 1 a.m., what is the will of the committee?

Mr. Gaudry: Madam Chairperson, just one question. Talking about expropriation, do you have any outstanding expropriation deals that have not been settled in regard to Highway 75?

Mr. Driedger: Madam Chairperson, yes, we do have some. I mean ultimately—and I want to indicate, and I do not want to belabour this, but wherever we do expropriate, like whenever we take over a project, somewhere along the line we need right-of-way, and if there are 30 people involved, 28 will sign and 2 will not, and we have to expropriate

that. We have an ongoing thing and, ultimately, these things get processed. Actually, these questions will probably be more appropriate for the Minister of Government Services (Mr. Ducharme), who basically does the expropriation and stuff of that nature. It is an ongoing thing that, even with North Portage, you know, it has been going for five, six, seven years. It is an ongoing thing. Ultimately, they get resolved.

Madam Chairman: The hour being 1 a.m., what is the will of the committee?

Mr. Reid: Madam Chairperson, I do not believe that we have completed Section 3 yet, and I am not sure what the will of the other members are, but I would be willing to complete Section 3 at least and then start fresh on Section 4 after the recess tomorrow.

Madam Chairman: Is it the will of the committee to complete item 3?

Item 3.(a) Planning and Design: (1) Salaries and Wages \$1,863,700—pass; 3.(a)(2) Other Expenditures \$449,200—pass.

Item 3.(b) Land Surveys: (1) Salaries and Wages.

Mr. Reid: Under Land Surveys, Madam Chairperson, there has been a three staff year reduction. Can the minister give me an indication if these positions were vacant?

Mr. Driedger: Madam Chairperson, these positions were vacant.

I want to indicate to the members, depending on their alertness at this lovely hour in the morning, we can continue for a little while and I am at their discretion. I do not want to belabour them, both members are younger, and if they feel they need their rest, we will adjourn and let them have their rest and then continue in the morning. If not, then we will—and I feel relatively at ease. It is a matter of the clocks anyway, whether we do it now or in the morning. It is up to the members themselves.

Madam Chairman: Item 3.(b) Land Surveys: (1) Salaries and Wages \$1,201,600—pass; 3.(b)(2) Other Expenditures \$299,500—pass.

Resolution 76: RESOLVED that there be granted to Her Majesty a sum not exceeding \$3,814,000 for Highways and Transportation, Planning and Design and Land Surveys, for the fiscal year ending the 31st day of March, 1992—pass.

Having completed item 3, is it the will of the committee that we reconvene at 10 a.m. tomorrow?

Mr. Reid: Madam Chairperson, I believe there may be an agreement to continue on to see how close to the end of Section 4 that we could achieve, hopefully, and complete this section before we would recess for the evening.

Madam Chairman: Item 4. Engineering and Technical Services (a) Management Services: (1) Salaries \$134,100—pass; 4.(a)(2) Other Expenditures \$18,700—pass.

Item 3.(b) Mechanical Equipment Services: (1) Salaries and Wages.

Mr. Reid: Is that 4.(b)? Madam Chairperson, it shows an eight staff year reduction, seven under the Professional/Technical heading and one person under Administrative Support. Could the minister give me an indication of whether or not these jobs were vacant and where they might have been through the province?

Mr. Driedger: Madam Chairperson, you are such a kind and considerate person to stay here this late, but I want to indicate to the member that the vacancies—under Mechanical Equipment there is one in Winnipeg. We have seven in rural services. Materials, there are two in Winnipeg. Traffic Engineering, there is one in Winnipeg.

Madam Chairman: 4.(b) Mechanical Equipment Services: (1) Salaries.

Mr. Gaudry: Madam Chairperson, the reduction in the provincial roads mileage, that is the reduction in this SY. Again, it is due to the offloading to the municipalities?

Mr. Driedger: As much as I like the member, you know, and I accept the fact that there is some criticism coming in that but yes, that is right.

Madam Chairman: 4.(b) Mechanical Equipment Services: (1) Salaries and Wages.

Mr. Reid: Just one question under this before I allow it to pass. Equipment rentals, could the minister give me some kind of an indication on what type of equipment we would rent in the province here? Is it put out to public tender for this rental process?

Mr. Driedger: This basically represents when we have to rent equipment from the private sector. When our equipment breaks down or where we have an emergency, where there is a flooding situation or snow situation, where we rent private

sector equipment and that is what that represents when we do not have our equipment there.

Mr. Gaudry: Will this mean that the municipalities will no longer receive the use of equipment for the maintenance of, for example, remote airports?

* (0110)

Mr. Driedger: Madam Chairperson, in the remote communities of the North, we do snow removal and road maintenance and that will continue.

Madam Chairman: 4.(b) Mechanical Equipment Services: (1) Salaries and Wages \$7,756,400—pass; 4.(b)(2) Other Expenditures \$11,000,000—pass; 4.(b)(3) Less: Recoverable from Other Appropriations \$21,547,400.

Mr. Gaudry: Can we have an explanation from the minister in regard to what are those recoverable from other appropriations in that amount?

Mr. Driedger: Madam Chairperson, what we do here, we charge our districts, 13 districts, costs for services that we provide and that is recoverable, and that is where it is at.

Madam Chairman: 4.(b)(3) Less: Recoverable from Other Appropriations \$21,547,400—pass.

4.(c) Warehouse Stores: (1) Salaries and Wages \$476,000—pass; 4.(c)(2) Other Expenditures \$138,900—pass; 4.(c)(3) Purchases \$6,700,000—pass; 4.(c)(4) Less: Recoverable from Other Appropriations \$6,700,000—pass.

4.(d) Northern Airports: (1) Salaries and Wages \$3,048,100.

Mr. Reid: Madam Chairperson, the minister's department provided me with some information after the last Estimates process that talked about the airports in the province, and I thank the minister for that information. There was some concern, though, about one particular airport that had hydro lines, I believe it was, that were infringing upon the ability of the aircraft to land at that particular airstrip. I am wondering if there have been any discussions undertaken with the particular aboriginal peoples who are living there to discuss the possibility of moving those so that the province could continue to provide emergency services to them where and whenever they need. Have any discussions been undertaken for that?

Mr. Driedger: Madam Chairperson, let me indicate to the member that, you know, it is an ongoing challenge with some of the airports in the northern communities, and I am not sure necessarily which

one specifically he is referring to because one of the things that is very dear to my heart is providing good air service to a lot of the isolated communities. As the providers of the air transportation improve their planes, they are continually asking for improved runways and stuff of this nature. If the member has a specific area of concern, I will try and get the information to him, because we have a few areas where we have ongoing challenges and try to make improvements on as best we can.

Mr. Reid: Madam Chairperson, it is the Poplar River it says has not been certified in this regard as an emergency airdrome because the band has constructed houses and a power line too close to the airdrome in violation of the Transport Canada zoning restrictions. Since this presents a hazard to those who are flying into the community and also decreases the opportunity to have regular air service to that area, I am wondering if there have been any consultations undertaken. That is why I raise the matter with the minister.

Mr. Driedger: Madam Chairperson, I would like to indicate that I had the privilege last winter—not this past winter, before that—to travel the winter roads for a couple of days and ended up at Poplar River and had a look at that airport. I, first-hand, had the concerns expressed by the Chief, Verna Michell, and looked at some of the concerns they had there and discussed to some degree some of the options and alternatives that we have. I have just checked with staff and there are ongoing discussions taking place. I do not have an easy glib answer for the member at this stage of the game. It is still a problem that we are trying to deal with.

Madam Chairman: Item 4.(d) Northern Airports: (1) Salaries and Wages \$3,048,100—pass; 4.(d)(2) Other Expenditures \$1,715,000—pass.

4.(e) Marine Services: (1) Salaries and Wages \$587,300.

Mr. Reid: Madam Chairperson, I know we had some discussions on this on the ferry crossings on the cost of operation. I know the minister has received correspondence from members on this side of the House about the operations of the ferries because the hours of operation were reduced. The minister has, I believe, since replaced the hours of operation, and we thank him for that. I am sure that the residents are appreciative as well. It is my understanding that the cost savings were very

minimal, and yet the inconvenience for the residents was much greater.

What I would like from the minister, and I do not expect him to provide it here today, but if he could give me a list of information on the ferry services in this province that the government provides, the cost of operation for these ferries, their service location, hours of operations, so that we might have an understanding of the services that they provide to the communities that they provide the service to. Also, if the minister has the number of operators who would be involved, any pertinent information that would be concerning the ferry operations, I would appreciate.

Also, to add to that, Madam Chairperson, I would like to have an indication of the ridership, if such records are kept, for each of these ferry operations and the fee structures that are in place, the fee guides that are in place, that these ferries would charge, if they do charge for these services, and the cost that they would incur in their operation as well.

Mr. Driedger: I want to inform the member and make him very glad we do not charge for these services. It is all gratis. The government just gives it to the people. Seriously, though, I want to indicate to the member that—why are staff chuckling up here?—it is kind of interesting—very generous government. I want to indicate -(interjection)- In some respects. I want to indicate to the member I do not have the details here, but I have talked to my staff here, very capable staff—we will have that information. We do not have that here, and we will provide all the details on that. We will get that information to both critics. Both, yes, yes. Cornelius, I would never miss you.

So we have that stuff, and we will get it to you, okay?.

Madam Chairman: Item 4.(e) Marine Services: (1) Salaries and Wages \$587,300.

Mr. Gaudry: Madam Chairperson, the minister was bragging here what he has done and that he has returned the hours for the ferries. What else has he done for improving access for the residents of northern and remote communities?

* (0120)

Mr. Driedger: I will take that as notice. That would take a long time to get all of that information available.

Mr. Gaudry: Madam Chairperson, I would expect a list early in the morning.

Madam Chairman: Item 4.(e) Other Expenditures: \$415,000—pass.

4.(f) Materials and Research: (1) Salaries and Wages \$1,321,900.

Mr. Reid: Under the Activity Identification on Materials and Research it talks about implementing the department's gravel pit rehabilitation program. Can the minister give me an indication on how you rehabilitate a gravel pit?

Mr. Driedger: Madam Chairperson, I am very proud to announce that in my department we have a program in place where we rehabilitate about 12 gravel pits a year that, basically, have been used and have been abandoned. What has happened—and I am very excited about this because I come from an area where there are a lot of gravel pits, and we have steep banks right beside a highway and stuff of this nature. I have seen pictures of the stuff that we do within my department in terms of rehabilitating these, where we slope the banks and we seed some of the stuff and actually make them look very nice.

I think this is a very good initiative, and I am very pleased about that. The fact that we do only 12 a year is probably not fast enough. I would like to see it take place a lot faster, but it is a very good program. It makes them safe; it makes them more palatable to the public in terms of perception; and environmentally it is acceptable. We slope the sides properly, and it is not an eyesore anymore.

If the critics ever want to come and see some bad eyesores, I will show them in the area where I live, within four miles of my area. In fact, if I could have both critics come down some time and just visit me, and I will pour them a coffee, and they could—within 50 yards of my back door is a gravel pit that has very steep banks, where the machines work 24 hours a day. I would like them to come and see, and I would talk to them about rehabilitation.

I am getting long-winded, Madam Chairperson, but it is a great program. I am very proud of it, and we are doing a great job of that. If the members want, I will show them photographs of what we have done before and after.

Mr. Reid: I thank the minister for that explanation. Obviously then, it is not only the environmental aspect, but it makes it esthetically pleasing for the residents in the surrounding community.

Also in one section here, it talks under the objectives about testing and inspection of all materials used in the construction and maintenance of highways. Are there crews that travel out to the construction sites, or are these inspectors stationed in the different districts throughout the province and wherever the construction programs are taking place, these inspectors will inspect those construction programs in their districts?

Mr. Driedger: Madam Chairperson, each district, as projects take place, we have qualified people who do the quality inspection in terms of material used. We have inspector engineers on site all the time. This is a thing that I found enlightening for myself, but also I think the public should know that we have criteria set up in terms of the projects.

When we do a construction job, we have our people who are out there making sure that the contractors, with all due respect and I do not say that they would shaft anybody, but they have to meet these guidelines to make sure that all criteria is met, and they do that. That is where our people out there are making sure that the jobs are done, that we have the right material, you know, everything according to the specs that we have outlined.

Mr. Reid: The reason I asked this question is, there was an I-Team report—I think it was the last year—talking about gravel companies shortchanging their customers by weights. I asked this question to ensure that we have people with the skills or the training necessary to make the determination that we are getting our fair value for our dollar when we do contact these companies. That is why I asked this question.

In this section under Materials and Research, there is a two staff year reduction. Are these positions vacant in the province and can the minister give me an indication on where they would normally be?

Mr. Driedger: Madam Chairperson, these were two vacant positions and they were in Winnipeg. I want to indicate to the member that he made reference to the I-Team, and I am glad the member mentioned that. It happened because the city got involved and the province got a clean bill of health because we had the proper systems in place and have had for 20 years. For 20 years we had the system in place to make sure that we had the right thing. I think the city could learn a bit of a lesson from us in terms of what we are doing with that.

Mr. Gaudry: I am sure the minister will like this one. Will municipalities be responsible now to ensure the adequacy of road and air field foundations and services?

Mr. Driedger: Madam Chairperson, to the member, the municipalities have always been responsible for their own roads and air fields. I will tell you something. We pay a very small grant—what is it?—\$1,200 for a gravelled strip, \$2,500 grant for a paved strip. That is maximum, right? Other than that, the municipalities in the southern portion of the province are responsible for their own airstrips.

Mr. Gaudry: Madam Chairperson, who provides equipment and service for the quality assurance?

Mr. Driedger: Madam Chairperson, we have our own staff that guarantees the quality of the material that is being used. We are very professional in terms of the things that we allow them to use. In fact, I have to indicate that the construction companies sometimes get a little upset with us, feeling that we are too stringent with that, but I will tell you something, I have all the confidence in our staff in terms of the quality that is being used is right.

Madam Chairperson: Item 4.(f) Materials and Research: (1) Salaries and Wages \$1,321,900—pass; 4.(f)(2) Other Expenditures \$254,000—pass.

4.(g) Traffic Engineering: (1) Salaries and Wages.

Mr. Reid: Madam Chairperson, I believe it is under this section, Traffic Engineering, that the comments that I want to make would apply. If it is not there it would be the Highway Traffic Board, and I ask the minister to advise me on that.

I have received some correspondence from the city councillor in Transcona talking about the changes to the traffic control devices at Day and Rosseau. I am wondering how the Traffic Engineering section of his department can make determinations on whether or not traffic control devices are applied or not applied within the city of Winnipeg. How does his department have powers over that?

Mr. Driedger: Madam Chairperson, the City of Winnipeg have their own traffic engineers who basically make the recommendations, and we have the Highway Traffic Board that basically makes some decisions on that base on the information that comes forward from the engineers or the local traffic

authority. So it is not the government that makes the decision, especially in the city of Winnipeg, because they basically have their own traffic authority that makes the recommendations when the Highway Traffic Board meets and suggests—and very seldom have we superceded that. Have we ever? We do not.

Mr. Reid: So if I understand the minister correctly then, it is the city's own department that makes the recommendation and the minister's department more or less just rubber-stamps the decision that is already made?

Mr. Driedger: The Highway Traffic Board.

* (0130)

Mr. Reid: The Highway Traffic Board, all right. The reason I asked that is because there is also another area, too, and it is a particular section of residential community on Pandora East in Transcona, that one side is all residences along the street for a lengthy section, and then on the other side we have an industrial area which involves Palliser Furniture manufacturing plant, Linde Gas, CN Rail, and the speed limit on that section is 60 kilometers. They have applied and petitioned to have the speed reduced from 60 kilometers down to 50, and the one end of the street is 50 kilometers, and you go along in the middle of the block and it has jumped up to 60. I do not know why the people have not been allowed to have this speed reduced.

Can the minister give me an indication on whether this would follow also under the Highway Traffic Board and why they should be allowed to override the wishes of the residents through their elected representatives?

Mr. Driedger: One of the things that is a blessing for the minister is the fact that your various boards basically have responsibility to make decisions. The Highway Traffic Board has the responsibility to make decisions in terms of speed zones, certain things within their jurisdictions. The community can apply, and invariably I have to assure the member that, by and large, they get out there and they listen to—they have a hearing process, and they make a decision based on it. I have felt comfortable to date that the Highway Traffic Board has listened to all the concerns and make a decision on that. That is the nice thing about being the minister, because the Highway Traffic Board makes the decision.

If the people who make the application are not happy, they can apply again somewhere along the

line and bring forward their arguments, if there is some concern about that, but by and large, I think, in my view, that the Highway Traffic Board has always made judgments on the side of the public. If there is some concern, I want the member to relate that to his constituents out there and they can come back and appeal again or make an application again.

Mr. Reid: Well, the residents have put together a petition and it was submitted to their city councillor, and I have a copy of it here and their application was rejected. I do not understand how an appointed board, the Highway Traffic Board, can overrule the wishes of the elected representatives. Who are they answerable to? They have to have someone that they answer to. Is it the minister himself, or is it some other person that I should be approaching with this matter?

Mr. Driedger: Madam Chairperson, one thing I want to assure the member, I have never interfered with the decision of the Highway Traffic Board. That is basically an appointed board. It deals within the parameters of their responsibilities; they make decisions based on that. I have felt comfortable, to date at least, unless the member has some information that I do not know about, that they make the right decisions. If there is some concern about that, I invite the member to come and see me and we will talk about it, because if there is any suspicion that the board has not dealt properly with this thing, I am prepared to listen to the member.

Mr. Reid: Madam Chairperson, I will take the minister up on that offer and I will come to see him about that, because that particular street runs some three or four kilometres long, I believe is the distance, and one half of it is a 50 kilometre speed zone and the other half is a 60 kilometre speed zone, all identical the full length of the route. Why the Highway Traffic Board made the decision is beyond my comprehension. So I will talk to the minister about it.

I would like to ask the minister now if there are any, and I believe it is under this section, Traffic Engineering, under pavement markings, where we do line markings on the highways. Does the province have their own equipment, and do we do all of this work ourselves in each of our districts, or do we contract out some of this work?

Mr. Driedger: Madam Chairperson, last year we had offers from the private sector in terms of

providing service. We tried it, we found out we can do it cheaper than they do, and we are now back to providing our own line markings.

Mr. Reid: If I understand the minister correctly then, his department's own equipment does all of the line painting work and none of it is contracted out.

Mr. Driedger: That is correct.

Madam Chairman: 4.(g) Traffic Engineering.

Mr. Gaudry: In the last Estimates, the minister said that a number of additional highways and roads have been identified as Class A1 roads, thus allowing heavier loads on them. Was this done subsequent to the appropriate upgrading of the roadbed?

Mr. Driedger: I am not sure whether I caught the drift of that question, but I want to indicate to you that any upgrading or escalation of load limits on certain roads was done based on the information of my staff that these roads could carry it as well as the structures.

Mr. Gaudry: Has there been any work done to establish what increased wear and deterioration will result?

Mr. Driedger: -(laughter)- Madam Chairperson, I do not know where you got your private joke from, because I want to share that.

I want to indicate to the member that we would never have allowed any of these roads to carry the extra loads until we were confident that the structures and the roads could take it.

Mr. Gaudry: What roads have been reclassified and which communities will this decision affect?

Mr. Driedger: Holy smokes! I am prepared to take and provide a map to both of the critics in terms of the roads which we have designated as TAC loading. Is that acceptable? In fact, I will do a little better, I will take and show them a map of what was half-loading or RTAC loading before I became the minister and show them the system that we have in place right now in terms of colour configuration, if that is acceptable.

Mr. Reid: Just to pick up on the question I had asked the minister about line painting on the highways, I had been given some information that said that there was an area south of Riding Mountain National Park that was having the lines on the highways painted by a private contractor.

The minister expressed that there was some experimentation ongoing or that had been ongoing and that had terminated. Can he give me any indication of whether or not this was the area where that experimental area was taking place, and if not, maybe he can indicate where it was taking place.

Mr. Driedger: Madam Chairperson, that was the place.

Madam Chairman: 4.(g) Traffic Engineering: (1) Salaries and Wages \$731,700—pass; 4.(g)(2) Other Expenditures \$5,211,000—pass; 4.(g)(3) Less: Recoverable from Other Appropriations, \$1,000,000—pass.

4.(h) Government Air and Radio Services: (1) Salaries.

Mr. Reid: Madam Chairperson, this is a much more involved area. The minister had indicated to me in the last Estimates process that I should take the opportunity to go to the hangar where the government keeps its aircraft and talk with the staff there. I did take them up on that offer, and I did talk with the people there—very agreeable bunch, very co-operative. They explained—

An Honourable Member: Very nice people.

* (0140)

Mr. Reid: Yes, some very professional people working in that operation there. I was quite impressed.

I also had the opportunity to view some of the equipment that the province has there. The fact they had some of the water bombers that were in the hangar in the various stages of assembly and disassembly, and I would—

An Honourable Member: You want a ride?

Mr. Reid: Yes. Sometime I would like to have the opportunity to travel in one of those water bombers and to view the sights from the air in the performance of their duties. I must say I am not one of the best flyers in the world. Sometimes I get a little white-knuckled, but I think I could handle that experience and I would welcome that experience.

Obviously, the operation and maintenance of these equipments are very great in expense for the province, and also there was the air ambulance and the individual multipurpose use Citation jets. Could the minister give me an indication on the number of air ambulance flights that take place in the province or patient transfers that would have taken place in the last year? If there is an average figure that he

has, that would suffice as well. I am interested in the cost of operation for this type of service to the province. He can correct me if I am wrong, but I believe that this cost is passed on to the Department of Health. Maybe he could correct me on that.

Mr. Driedger: Madam Chairperson, the Minister of Health (Mr. Orchard) would probably be able to give more definitive answers on that. The responsibility within my department is to make sure that the air ambulance and the stand-by Citation are operational and meet their qualifications in terms of inspection, and we have the crew to fly those things. I do not have the details on that.

My staff is so good, Madam Chairperson. Out-of-province medical transfers were 33 in 1989 and 25 in 1990. Air ambulance Citation hours flown were 1,061.5 in 1989 and 1,131.6 in 1990, and patients carried were 602 in 1989 and 712 in 1990. So I have to indicate to the member, pardon me, Madam Chairperson, but we have had requests from the private sector to try and provide this kind of service and feel they can probably do it cheaper.

I will tell you something, we have the best dang service that any province has ever provided for the people in the North. It is just a great service. It is very costly, and you cannot blame government for looking at options in this direction, but I will tell you something, we have a good, good system in place right now, and I am very, very proud of the pilots who fly the planes that they do. They land in places where sometimes if you fly these planes or if you were a passenger you sort of have trepidations that if you are a patient you are very thankful for the kind of service that is being provided. I am very proud of that.

Mr. Reid: These numbers that the minister gives, a large number of patient transfers in flights, I did not realize that they were that high. Obviously, there is a strong need for that type of service to be provided in the province.

An Honourable Member: Are you going to talk about user fees?

Mr. Reid: We could talk a little bit about user fees, but it may not be appropriate in this area here, because I am sure that the Minister of Health (Mr. Orchard) is more than willing to pay the costs of operation for this air ambulance, being the generous person that he is.

The other Citation that the government has on standby for government use and/or air ambulance

or evacuation use, could the minister give me an indication on the number of flights that aircraft would have undertaken over the last two years as well as the type of use and the cost that is involved? Is it just strictly on standby use or is it used quite often by members of government?

Mr. Driedger: Madam Chairperson, the actual use of the second Citation is a standby for medical purposes, and I have to indicate that when it is not used for that purpose that from time to time ministers or government employees have used it to fly to certain places. I have to also indicate to you that many times ministers that feel that they have seconded the Citation to, in terms of flying to certain obligations for government reasons, all of a sudden find that they have to stay overnight because if there is an emergency call the plane leaves and the ministers have no priority on that in terms of—they just stay there until the plane comes back to pick them up. That could be a day later or they use a different means of transportation. So it is not that the minister can take and have total call on that. I think that is what the member is looking at maybe, because the medical requirement in terms of emergency always has a call. If the medivac is in operation and some emergency comes up, the plane takes off and it does not matter how important it is.

I can indicate that even the Premier has been stranded from time to time somewhere along the line because of a responsibility of calling somewhere else. There is no priority in terms of the second stand-by unit in terms of that, but at the same time I have to indicate, as has been in the past, it is available for the ministers to fly to certain functions and government functions. It has been scrutinized and everybody knows that.

Madam Chairperson, I want to indicate I am getting the information here that the second jet, basically, in 1989 flew 924 hours; in 1990 it flew 794 hours. Incidentally, the air ambulance flew 1,061 hours in 1989; it flew 1,131 hours in 1990. It is a good service that we provide up there, and I think the public appreciates that.

Mr. Reid: I can appreciate what the minister is saying on the number of hours that these aircraft are used, and looking at the patient transfer and the need for medical emergencies, there is obviously a strong need, as I have indicated, but what I was trying to get an understanding for here is, since we have two aircraft, one that is fully equipped for

medical emergencies and/or patient transfers and the second aircraft is not equipped for this type of purpose, I am trying to get an understanding here for the number of hours of operation that would be on government business versus the number of hours of operation that would be for patient transfer or medical emergencies.

Mr. Driedger: Madam Chairperson, I want to indicate to the member that I am having difficulty with the question. I will have to get a breakdown for that and I will provide it for him.

Mr. Reid: I would appreciate that, and I agree with the minister's request.

I have a few questions about the water bomber operation in the province. It states here in the booklet that we have five water bombers in operation. Could the minister give me an indication of the type of arrangement that would take place since we are having a relatively wet season here in this province. Are these aircraft leased out on a full cost recovery to other jurisdictions in the country?

* (0150)

Mr. Driedger: Madam Chairperson, I want to indicate that it has been a very exciting experience and time for me from the time I got to be responsible for the water bombers because in 1989, as the member well is aware, was a most difficult time that I think this province has ever experienced. We had reciprocal agreements with the other provinces as well as the Northwest Territories, and there is an arrangement whereby we do not necessarily charge somebody when they come or they do not necessarily charge us. Am I correct? We bank hours, do we? How do we work that?

I want to indicate that in 1989, which was a real experience for myself being Minister of Government Services, as well as Highways and Transportation, that when we needed other units we call on them and we pay the cost; and when they need our units we supply them and charge them as well. So we have the availability of the units to go and help other provinces, but it is just like within departments, by and large, we charge each other to some degree. So we probably paid our costs of \$75 million that year for firefighting costs, including the whole damn package. I will tell you something, now when Quebec had a problem—but other provinces have a major problem, they can count on our units, if we do not need them. If they ask us, we supply them but we charge them a certain rate which is a sort of

a—and Natural Resources plays a role in this thing in terms of how we do that, but we recover our costs.

Mr. Reid: When the minister indicates, recover our costs, does he mean that we in this province would pay for the maintenance of the aircraft, and the other jurisdictions would pay for the fuel and the pilots? I presume we provide the pilots for this aircraft and I believe—although I will ask the minister whether or not we provided any aircraft to the province of Quebec to assist the Canadian Army who was fighting the forest fires there.

Mr. Driedger: Madam Chairperson, I am told that we were not asked to participate in Quebec, but I do not have all the details. I can try and get it for the member in terms of how we work these reciprocal agreements between the provinces. It is a very agreeable type of arrangement where certain costs get met by each province and the other costs get recovered. I think that is the kind of arrangement that we have, because when we need them, like we needed them in '89, everybody was available to us including the Americans. It is a good arrangement. If he wants to have the details of that, I can provide that.

Mr. Reid: I would appreciate if the minister could provide me with that information sometime in the near future just as a means of educating myself on the process that we go through and how we co-operate interjurisdictional within the country and with other countries as well.

Madam Chairman: 4.(h)(1) Salaries \$3,910,000—pass; 4.(h)(2) Other Expenditures \$6,365,300—pass; 4.(h)(3) Less: Recoverable from Other Appropriations, \$8,851,000—pass.

Resolution 77: RESOLVED that there be granted to Her Majesty a sum not exceeding \$11,685,000 for Highways and Transportation, Engineering and Technical Services, for the fiscal year ending the 31st day of March, 1992—pass.

Mr. Reid: Madam Chairperson, I believe if there is a willingness to recess, then I would propose that we do recess until tomorrow. I think sitting time would be approximately ten o'clock.

It is my understanding that by discussions and agreement between House leaders, the sitting time was supposed to be 10 a.m. tomorrow.

Madam Chairman: As previously agreed, I am interrupting the proceedings. This committee will reconvene at 10 a.m. tomorrow (Tuesday).

LEGISLATIVE ASSEMBLY OF MANITOBA

Monday, July 22, 1991

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