



First Session - Thirty-Sixth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Law Amendments

Chairperson
Mr. David Newman
Constituency of Riel



Vol. XLV No. 6 - 10 a.m., Tuesday, October 31, 1995

MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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**LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON LAW AMENDMENTS**

Tuesday, October 31, 1995

TIME – 10 a.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. David Newman (Riel)

ATTENDANCE - 11 – QUORUM - 6

Members of the Committee present:

Hon. Mr. Findlay

Messrs. Dewar, Dyck, Helwer, Jennissen, Lathlin,
Newman, Pitura, Radcliffe, Mrs. Render, Ms.
Wowchuk

Substitutions:

Mr. Reid for Ms. Wowchuk at 10 a.m.

WITNESSES:

Bill 16–The Highway Traffic Amendment Act

Mr. Al Harris, Manitoba Trucking Association

MATTERS UNDER DISCUSSION:

Bill 8–The Off-Road Vehicles Amendment Act
Bill 16–The Highway Traffic Amendment Act
Bill 31–The Highway Traffic Amendment Act (2)

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Mr. Chairperson: Will the Standing Committee on Law Amendments please come to order. We have before us the following bills to consider: Bill 8, The Off-Road Vehicles Amendment Act; Bill 16, The Highway Traffic Amendment Act; Bill 31, The Highway Traffic Amendment Act (2).

Do all committee members have copies of the bills?

Committee Substitution

Mr. Gregory Dewar (Selkirk): I move, with the leave of the committee, that the honourable member for Transcona (Mr. Reid) replace the honourable member

for Swan River (Ms. Wowchuk) as a member of the Standing Committee on Law Amendments effective October 31, 1995, 10 a.m., with the understanding that the same substitution will also be moved in the House to be properly recorded in the official records of the House.

Mr. Chairperson: Is there leave of the committee for this motion? [agreed]

Motion agreed to.

Bill 16–The Highway Traffic Amendment Act

Mr. Chairperson: It is our custom to hear presentations from the public before the detailed consideration of bills. At this point there is only one person registered to speak to Bill 16. Is there anyone else in the audience today who would like to make a presentation to any of the bills before the committee?

There being none, I would like to call now on Mr. Harris of the Manitoba Trucking Association to make his presentation. I understand he has a written presentation. Is that correct, Mr. Harris?

Mr. Al Harris (Manitoba Trucking Association): Thank you, Mr. Chairman. Yes, it is very brief.

Mr. Chairperson: Okay, the Page will distribute them to the committee, and, as soon as that is done, Mr. Harris, you can proceed with your presentation.

Mr. Harris: Mr. Chairman, I want to thank you for the opportunity to speak on Bill 16. This addresses the issue of economic regulation of the intraprovincial for-hire trucking industry.

Mr. Chairman, this is an issue which has caused considerable heartache for the industry as the views towards it are widely divergent. This is to be expected as some carriers are more marketing oriented than others, and others are very protective of the areas which they have been given the privilege to serve. This protective attitude has been perpetuated because of the

traditional, what we might call, franchise system, but this has broken down appreciably since 1987 and a considerable portion of the freight that is handled by the rural common carrier has been opened up to intense competition. In essence, this was the purpose of this regulation relaxation and, of course, was the prime motivator behind the deregulation of interprovincial freight.

With this background, the Motor Transport Board organized a round-table conference on March 16, 1994, in which a constructive and co-operative approach was taken by participants. This enabled substantial progress toward a compromised proposal for resolution of the problem for consideration by the government.

A further meeting was held on March 28, 1994, to which all carriers holding an intraprovincial general freight authority were invited. Of the 64 carriers invited, 28 of them had representatives at the meeting.

To come to the crux of the matter, as a result of the discussion, the following resolutions were adopted at the meeting:

1. The sole geographical restrictions in existing authorities be eliminated effective January 1, 1996, and that all mandated maximum freight rates be abolished as of the same date. The voting on that was 21 in favour, there were no opposed, and there were two recorded abstentions.

2. The second resolution was that complete economic deregulation of the intraprovincial for-hire trucking industry be effective January 1, 1998, and on that 26 were in favour and none were opposed.

3. Thirdly, that the process of transition to deregulation be subject to the public hearing process for applications and the policies which govern that process be continued unchanged. On that one there were 21 in favour, none opposed and no recorded abstentions.

Quite clearly then, Mr. Chairman, the for-hire trucking industry after extensive discussion reached a consensus of opinion in early 1994 and this consensus is reflected in Bill 16.

Nevertheless, on reflection, there may be some carriers who like some other solution. There were a group of carriers who proposed an expansion of territory for themselves but did not want this advantage also enjoyed by others. That was addressed and, as can be seen by the voting pattern, they did not contest the final resolutions which emerged.

My purpose in being here is to advise that the Manitoba Trucking Association is supportive of the proposed legislation and recommends early passage. Thank you, Mr. Chairman. I will be pleased to respond to any questions members of the committee may have.

Mr. Chairperson: We thank you for your presentation. Do members of the committee have any questions or clarification?

Hon. Glen Findlay (Minister of Highways and Transportation): Mr. Chairman, just a comment and maybe a small question. Al, I would really like to thank the trucking industry for the efforts they have gone through to bring this consensus that was brought forward. Under the umbrella and at the federal end, they were going to do it anyway, and I think your industry has to be congratulated for the work that was done to get a compromise with a certain degree of eventuality, the black cloud that was there.

I guess I also want to comment that extraprovincial trucking went through quite a difficult time as they went through deregulation with a lot of fear, and what I perceive, Al, and maybe this is a small question, is that the extraprovincial truckers have done exceptionally well on their deregulation, have adjusted well, and in terms of competition in North America have not suffered, in fact, have taken the window of opportunity and expanded and prepared themselves for even stiffer competition in the future.

Do you think that is also possible in the interprovincial process, that the success we have seen in the extraprovincial deregulation can be mirrored somewhat in terms of stronger trucking companies in the future on the interprovincial level?

Mr. Harris: Mr. Chairman, let me say that the extraprovincial deregulation was more like a guillotine.

It came down and we were there. Yes, there was a fair amount of adjustment that was required. The industry has reacted to that adjustment. Yes, there have been some failures, but there have been a lot of successes.

The extraprovincial deregulation did what it was designed to do. It created the competition in the industry, and the industry has shown that it is able to adjust and survive in that environment. With regard to intraprovincial trucking, we had some concerns quite frankly with regard to going into it without a period of adjustment. That is why we proposed the January 1, 1996, and July 1, 1998, dates. Am I wrong on that? No, January 1, 1996, and July 1, 1998. That gives the industry the two years to do some adjustments, and we are convinced that we will have less disruption and continuation of the service to the rural communities by going this method.

The carriers representing the Manitoba Trucking Association and, indeed, all carriers that hold a general freight authority have the opportunity to join with us in these discussions. Many of them did, and we feel that we have a solution which will best look after rural Manitoba and will allow the rural carriers to adjust on a basis which will allow them to continue their operations in a logical manner.

Mr. Chairperson: Thank you, Mr. Harris. Are there questions from members of the committee?

* (1010)

Mr. Gerard Jennissen (Flin Flon): Mr. Harris, thank you very much for that answer. I did talk with some representatives of the Rural Carriers of Manitoba, and they did have some concerns, however. I guess I am somewhat mystified why they did not make those concerns known at the earlier meetings.

The feeling I got from some of those, and they claim to be spokesmen for rural carriers, was that some of these small trucking firms have been in operation for as much as 60 years and they felt that in a deregulated environment, or under a deregulated environment, they might not be able to survive. Some of the figures they were using—and I have no reason to question them, but I do not know how accurate they are—were something

to the effect that there were 152 small intraprovincial carriers in 1972. They suggested there might be less than 30 now.

They felt that a lot of these father-son enterprises were going to be doomed because they could not compete against the huge firms that were starting to dominate the market. They further felt that the quality of small-town life would be hampered because a lot of these small truckers come from small towns. They live there. They are part of the economic fabric there, and if they were pushed out of business, it would not be good for small communities. That was their argument. I am simply sort of paraphrasing what I heard and I would like to hear your comments on that.

Mr. Harris: We have, of course, heard these arguments, and they were taken into full consideration. These same carriers did have the opportunity to attend the meetings on March 16, 1994, and March 28, 1994, and many of them took advantage of that opportunity to be there. I mentioned to you in my comments that yes, there is some concern by some carriers. We did have some 170 carriers in 1972, 1974. Many of those carriers have not failed, sir; they have been absorbed, if you will, purchased by other entities.

Yes, we do have one large dominant carrier in Manitoba. That one large dominant carrier in Manitoba does have many, many terminals and many, many small points, and so I am not pretending that there will be no loss of economic activity in a small area because of the loss of a trucking company in that particular town or area.

However, it is not quite as bleak as might be painted. There is a continuing economic activity, and I think we have to also recognize that the amount of freight being handled in rural areas may at one time have been sufficient to support a rural carrier and support the family of that rural carrier. Times have changed considerably. We now see private carriers taking out much of their own goods because they like the idea that they have a salesman effectively in the truck and they can do a route and they can service their customers better. A lot of the freight that was normally carried by the common carrier has been lost to the common carrier.

I think it is fair to say that much of the purchasing that was performed in rural areas is now performed in centres. The rural areas are getting, forgive me, not as economically important as they were. The larger centres—Steinbach, Brandon, Winnipeg, Winkler, such as those—are becoming more and more important, and the roads are better. Of course, we are seeing more shopping as you might say, be it for farm machinery, whatever, in the central area. So, regretfully, the freight is not in the rural areas as it was, and, consequently, we have to see some adjustment to the patterns we had in past years.

Mr. Chairman, 1972 was perhaps right for its time, but even in 1972 there was a study by R.K. House and Associates, which forecast that exactly what we have today would happen. So this is no surprise. It was foreseeable and calculable, and, indeed, it is the way the world turns. We understand the concerns of some of those rural carriers, but, frankly—and I am not trying to knock anyone here—those rural carriers who have those concerns wanted certain advantages which they could enjoy, but those advantages were not to be also conveyed to other carriers. Well, of course, we cannot operate that way in this world. But it did show the level of concern they had. So, yes, there will be some adjustments there, but I am afraid that the world has changed and we are going to have to live with those adjustments.

Mr. Daryl Reid (Transcona): Mr. Chairperson, I have a couple of questions here. I thank Mr. Harris for his presentation.

He raised the point about the change in the attitudes in the marketplace where some of the people living in rural areas may be coming to some of the larger centres of Manitoba to buy their product and then have it transported back. Perhaps Mr. Harris can explain to me, or cause me to understand more clearly, how the change in pattern is going to change, because it is my understanding that the people that were moving product from the rural areas into the cities would have to go one way empty and take a load back unless they were fortunate enough to have another load on the return trip. So, for the trucking firms in rural Manitoba now to come into the centre to pick up product, they would come in empty and return loaded. So how is there a

change in here? How is this going to improve the opportunities any differently than what they were before?

Mr. Harris: It is a matter of economy of scale. It is as simple as that. It is a matter of the opportunity of packages or freight to be consolidated to go out to rural areas. For example, if we wish, let us take Highway 2. If you have a carrier operating one point on Highway 2, well, then the opportunity is only to or from that one point. However, if a carrier operates along many points on Highway 2, then one can see the opportunities for consolidation for going two ways. We actually do have examples of that, and, of course, the best example is Gardewine North, where they are very busy both ways, because they do have the opportunities for consolidation. That was not available previously, Mr. Chairman.

Mr. Reid: So what you are saying, Mr. Harris, is that because the larger firms have the ability through the economies of scale, larger fleets, larger opportunities for marketing and advertising, et cetera, they obviously stand a distinct advantage over the small rural carriers, and therefore that they would be able to operate more efficiently. I take it that is what you are saying.

Mr. Harris: Yes, the distinct advantage is that they have the economy of scale, and that is it.

Mr. Reid: Then can you tell me, Mr. Harris, because my colleague for Flin Flon (Mr. Jennissen), who is our critic for Transportation, has indicated that there is some concern for the small rural carriers, what has the Manitoba Trucking Association undertaken or done by way of communication or co-operation with the small rural carriers, small rural carriers association, who have, to myself, in past expressed some concerns about what was going to happen to them and their futures, which my colleague has raised here today?

What has your organization done to facilitate for the continued operation amongst those small Manitoba companies? Are we looking at some steps perhaps—and I know a lot of the jobs come from the communities to which members on the opposite side of the table here represent. What is the trucking association doing to keep the jobs in those communities?

Mr. Harris: Mr. Chairman, I know that is a fair question. It is a difficult one to respond to. We are trying to balance the economic opportunity, if you will, with the subject of rural employment. That is difficult if we do not have the economic base to support, or, in this case, the service, the free service to support that rural community. Therefore, we would like to think that the good, perhaps, of the whole is where we have to look.

Now, we did make some inquiries through the Western Diversification Fund as to what kind of assistance might be available to rural carriers to look at some kind of an amalgamation of their operations, if you will. This is what the rural carriers tried to look at: how they could perhaps find some economies in their own operations by doing some centralization of terminal operation, for example, in Winnipeg, some sharing of the freight. We looked at that. We have a letter on file from WDF, Western Diversification Fund, which said, no, that was not their ball game.

The problem, I think, we had also with that is that now we would have a group of carriers trying to decide who would take this freight or who would take that freight. Frankly, we did not want to get in the middle of that one because that would be dynamite, so it was difficult. You asked me what we have done to try to facilitate the maintenance of rural employment. The thought is brought up to us on many occasions, but, quite frankly, it is not an issue, I think, that a trucking association, an industry group, such as we are, with the diverse views of our members, can really approach.

Mr. Reid: I must say, I am somewhat disappointed that there has not been some effort made to try and maintain some of the employment in some of the rural communities, and my colleague has referenced the fact that many of these small trucking firms have been in business for maybe several generations, and that now they could be put at risk. These small communities stand to lose the jobs as a result of this type of legislation, which is going to see the larger trucking operations come in and take over some of that transport activity, putting at risk, I believe, potentially, the jobs in those communities.

* (1020)

I want to ask a question for Mr. Harris here, Mr. Chairperson. Can Mr. Harris tell us, because he has indicated in his presentation here today that there were meetings held on March 28, and that the 64 carriers were invited and 28 had representatives at the meeting, was there consensus on the part of the Manitoba Trucking Association and these 28 representatives that were at that meeting? Was there an agreement on what would be best for the trucking industry in Manitoba as it relates to this legislation?

Mr. Harris: First of all, if I could respond to the question of employment. I should mention that with Gardewine North, which perhaps handles 60-percent-plus of the freight to rural Manitoba, some 60 percent of their employees, frankly, are located in rural Manitoba, they tell me. So it is not that we have totally lost.

When we talk about a consensus, I believe we did reach a consensus. As I have tried to indicate, and the reason I quoted in detail the resolutions which were adopted at the meeting of March 28, 1994, there were none opposed to the resolutions which were put forward. Some abstained, but there were none that wanted their opposition recorded.

I have a record with me, as a matter of interest, of those carriers who were at that meeting, and I can tell you that there were a number of carriers who lend their name to the Rural Carriers of Manitoba, the association of RCM—a number of those carriers were at that meeting. The best I can say to you is that at that meeting, yes, in our view, a consensus was reached, and the minutes of that meeting were circulated to all 64 carriers subsequent to the meeting and they were asked if they had any comments which they wished to relate back, actually to the Transport Board. To my knowledge, no one relayed any comments back. So I must assume that we had consensus at the meeting, and on reflection of the minutes of that meeting, no one had any problem with them. So that is talking safe, to answer that question.

Mr. Chairperson: Mr. Reid, I had hands raised by others. I will come back to you.

Mr. Findlay: Mr. Chairman, just given what Mr. Reid has said, I want to remind him that the growth of the

trucking industry that has happened over the last few years has actually put a lot of jobs into rural Manitoba because many of our trucking firms, whether it is Paul's or Reimer or Kleysen, have employees that may be centred out of Winnipeg, but they live all over rural Manitoba. So the very fact that deregulation has led to success of those big companies has created jobs for many of the people that live in our communities all over rural Manitoba. That is one issue.

Secondly, I know of communities who do not like the geographic regulation that they can only have their freight hauled by one carrier, the large carrier. They want choice to have better service that they think that a small carrier in their community or close by can offer. So we are freeing up the opportunity of the shipper to have choice of who his carrier will be. The smaller carrier can generally offer better service and they want that opportunity. So I see an opportunity, as opposed to a problem, for many of our small carriers and certainly for jobs. The trucking industry has created a lot of jobs for people living in rural Manitoba, and that member knows that.

Mr. Peter Dyck (Pembina): Thanks for your report, Mr. Harris. Just a comment. You alluded to it before, the fact that this had given some of the carriers an opportunity, especially the smaller ones, to in fact—it gave them opportunity to sell to some of the larger carriers because they were not economical. Is that correct? Was this the comment that you made?

Mr. Harris: That is quite correct, many did.

Mr. Dyck: One further question, and that is, it also gave the opportunity for some of the private business firms to put their own trucks on the road and do their own transporting of goods. Is that correct?

Mr. Harris: I am not sure, sir, that the issue of consolidation of operations through larger companies provided the same opportunity, as you suggest, for larger carriers. I believe that is a separate business decision of the private carriers. I believe that is to what you are referring, those moving their own goods? I believe that is a separate decision. Whether or not there had been some consolidation of operation between larger and small carriers, I do not think would

necessarily have influenced whether or not the larger private carrier would have decided to move their own goods rather than through the for-hire carrier.

Mr. Reid: Only a statement, Mr. Chairperson. We have seen a change in the trucking industry I am sure, as Mr. Harris is well aware, a reduction, a significant reduction, in the number of firms that are headquartered in this province over the five-years-plus that I have been here, and I know there has been some pressure on the transportation industry in total and the trucking industry in particular, judging by the loss of some of those major firms. My worry here and my concern here is for the people of not only the trucking industry in the large firms, the people that are employed there and the people that own it, but also the people who live in the small rural communities that I sense will be impacted by this legislation and opening up to the free market forces.

Now, the minister says he wants to have competition in the communities and to allow the firms to go head to head and give greater marketing or transport opportunities to the businesses in those communities to allow them to get the best price possible and the best transportation possible. That is an opportunity that is there for those business people. The difficulty I have is that those small firms that were providing that niche market service are going to be disadvantaged, I believe, because there is going to be the inability of those small firms to compete head to head on what Mr. Harris has said here today, economies of scale, that they will not have the ability to compete financially with the larger firms.

That is why I was hoping to hear that there was some type of an arrangement between the Manitoba Trucking Association members and the small rural carriers that are going to be impacted by this legislation to allow them to work together to provide the service to the shippers in the province but, at the same time, to provide some employment opportunities and some business opportunities to the people in rural Manitoba.

* (1030)

That is my concern here, and that is why I was raising my questions with Mr. Harris, to see if there is

some kind of an arrangement or consensus between the parties to maintain those opportunities for rural Manitobans so that we do not see those jobs. The minister says that people commute into the city of Winnipeg or the city of Brandon or to Thompson for transport jobs. That may be the case for the communities that are close by. I do not know how far people are willing to commute in for trucking jobs into a centre as Winnipeg, for example. Do they come from the southwest corner of Manitoba, that far away? Do we have a large number of them coming into the city? That is what I am worried about—

Mr. Chairperson: Maybe you could pose a question. We are building up a catalogue of questions, and we are going to get into a debate. I can see the desire, the motivation, the provocation already starting, so if you could perhaps wrap up with a closing, either question, or I will give a chance to the honourable minister who is anxious to respond and also to the presenter to comment on your observation or to respond to your question.

Mr. Reid: Sorry, Mr. Chairperson. I did not know that there was a time limit on my comments.

Mr. Chairperson: There is no time limit. I am just concerned that you will not generate a debate here, rather you will pose a question or give a chance to a response to what apparently is your attempt to clarify your own thinking as to what the import, the implications of this particular legislation are. So please carry on. I am not in any way cutting you off.

Mr. Reid: Mr. Chairperson, then perhaps the minister or perhaps Mr. Harris—because, being honest, I do not live in rural Manitoba. I live within the city of Winnipeg here. Perhaps members of the committee can explain to me, what type of information do you have available that shows that people will commute into larger centres for those jobs? Do they come from all over Manitoba to get those jobs if they lose their employment with the small rural carriers, or do they fall out of the industry altogether? Have we done any studies to determine what the impact of this is going to be?

Mr. Findlay: There is no question, there is always impact when change happens, and I think I have

indicated to the member that, come January 1, '98, the federal government has decreed that there will be competition, that the ability to regulate will be eliminated.

Now, these small carriers have come forward. They have met with us and asked for an opportunity to amalgamate, to work out a way in which they can compete in the future, and they have received a \$25,000 grant through Industry, Trade and Tourism. It is called RCM Transport. I believe it is 11 carriers, in the final analysis, are working together to improve their ability to compete and survive in the new environment.

What we have done here is gone through a process to prepare themselves for 1998, and other provinces, Saskatchewan and B.C., which currently have some intraprovincial regulation, are going through a similar process. Ninety-eight is certainly staring everybody in the eye. Yes, there are jobs across rural Manitoba. I know of people who travel 200 miles to work for a large carrier. Now, they have their hauls. They maybe have a three- or four-day run somewhere, and then they have two days off or three days off. Their schedule is, they live in the western side of rural Manitoba and work for the larger trucking companies, whether it is in Brandon or Winnipeg, so there is a lot of flexibility in the way schedules are set and where people can live.

I think, if we went to the major trucking companies, we could come up with quite a long list of people who live over a hundred miles away from where the trucking terminal is. That is real, but I just want the member to know there is provincial support in the form of a grant to the rural carriers to position themselves for the competition that is going to happen and, I think, also the opportunity that is going to happen in terms of offering better service to satisfy shippers in the various circumstances in rural Manitoba.

Mr. Chairperson: Mr. Pitura and then Mr. Harris for any observation you would like to make about the series of commentaries. Oh, scratching your head. Mr. Harris, did you want to make a point?

Mr. Harris: Just a couple of points, if I may. Mr. Reid mentioned MTA members and rural members, and I have a problem with that. Most of the rural

carriers are MTA members. They were involved in these discussions. In addition to that, we included very purposefully, because we recognized at the time this was a very momentous decision. We included very purposefully those carriers who were not members. We were happy to have their input. So I have a problem when someone says, MTA members and rural members. Many of those RCM members—in fact, most of them—are also members of the Manitoba Trucking Association and have continued, in spite of the concerns they had in 1994, as members of the Manitoba Trucking Association. So we are, frankly, it is fair to say that we represent the rural carrier, and these comments represent the thoughts of the rural carrier.

I would also like to further comment on the issue of—and this is almost an aside—the domicile or, if you will, the residence of many of the carriers. In driving championships this year three of the five first-place winners were from outside Winnipeg. Now, maybe not a lot outside, but nevertheless outside, and I think it is worth mentioning that point, that we do indeed represent carriers throughout Manitoba and we do have representation of drivers, of employees, if you will, from throughout Manitoba.

Mr. Jennissen: Yes, I was going to ask a question of the minister, perhaps for clarification more—

Mr. Chairperson: I am wondering, because the presenter has been up there for a long time, we can certainly move into discussion with the minister unless you felt this is something that, having asked the minister, the presenter might feel unfairly treated unless he can comment on it.

Mr. Jennissen: Perhaps I should ask if you have another presenter and then I will—

Mr. Chairperson: Okay, and then you will have a chance to ask the minister.

Mr. Jennissen: Thank you, Mr. Chairperson.

Mr. Harris, I would be interested in your point of view with regard to some of the comments that the smaller carriers did make and spokesmen that were allegedly speaking for the smaller carries. Again, I

have no way of verifying that. One of the concerns they seemed to have was safety. They suggested that in a deregulated environment safety would be skimmed on, because when you are in a *cumthroat* kind of a world where every penny counts, then you may be tempted to drive longer hours, then you maybe want to run that rig a little bit past where it ought to be run. I am not quite sure what all the implications are, but the feeling I got was that in a deregulated environment safety would become a big concern as well as quality of service.

While I am at it, I may as well add the third factor. They thought that big carriers, who are extremely competitive and seem to be taking business away from the smaller carriers, tend to cream off the good stuff and leave the tougher jobs out in the bush, sort of, for the smaller carriers. That is the impression I got. I would just wonder if you would comment on that.

Mr. Harris: Mr. Chairman, first of all, yes, and I appreciate the opportunity to comment on the safety area. This is an area that we, the Manitoba Trucking Association, and indeed the Canadian trucking industry have been very concerned about, and we proposed the National Safety Code. This has been embraced by all jurisdictions. Some do not enforce it as well as others. However, I want to tell you that Manitoba is in the forefront of enforcing the National Safety Code, which includes hours of service, which includes maintenance of equipment, which includes driver records and includes load secured and any other issue. I believe there are 11 different factors composing the National Safety Code, and Manitoba is in the forefront of that.

So I would like to allay any fears you might have with regard to the National Safety Code. The Motor Vehicle Branch through ADM Dan Coyle is well aware of our thoughts on that, and we are totally supportive of their activities in the safety areas. So I want to put your concerns totally at ease on that one.

With regard to the big carriers creaming off the good stuff, let me say that when you have a forced tariff, there will be some goods which are being hauled at noncompensatory rates.

For example, as one of my members likes to say, the chrysanthemums in December, how are you going to

protect them? How are you going to deliver them? You send them out to Pointe du Bois, and it is a difficult flight. That kind of freight, quite frankly, will have to carry its own weight. It will pay for itself.

This process also eliminates to a large degree cross-subsidization of freight, and I think we have to recognize that. So, yes, I do not think we should say big carriers cream off the good stuff. The small carriers will decide to some degree in this environment what they are prepared to carry.

* (1040)

Now, the Motor Transport Board still has some authority over them, and they can withdraw their authority if they wish if they are not servicing their area and provide the opportunity to serve that area to someone else. So there is also the aspect of a big brother, if you will, of an overseer with that regard, and any complaints that are received by the board in that regard, I know, are looked at very, very seriously.

So, yes, the concerns are there. I am not saying they are not but, nevertheless, there is an answer to your concern.

Mr. Chairperson: Any further questions?

Mr. Oscar Lathlin (The Pas): Good morning, Mr. Harris. Maybe I can do it this way. I will pose four questions for you and then you can give us four responses.

My first question is, in your association, how does your membership grow? Do you actively look for membership or do trucking outfits come to you and seek membership?

I am from northern Manitoba. There is a bit of a difference there, I would like to think, always between rural and North. In the rural, I always say, even though some of my colleagues disagree with me from time to time, I see good roads. In the North, I see not such good roads, such as the one that goes from Ponton to Cross Lake, Norway House, not to mention the winter roads, of course.

My question in that respect, with respect to the roads is, did you take that into consideration while you

were deliberating as to whether you would support this bill or not, as to how, you know, it is extremely expensive to operate in the North? It is cheaper when you come to rural and, in the south, of course, it is way cheaper.

Mr. Chairperson: Mr. Lathlin, I think, given the length of the questions, I am wondering if maybe we can compromise and take the response to two questions.

Mr. Lathlin: Yes, I thought I would do that, Mr. Chairperson, so that I would ask one question, like, one big question and divide it into four and then I would shut up after that.

Mr. Chairperson: If you are not prepared to agree, carry on.

Mr. Lathlin: My third question is, do you have any aboriginal trucking firms in your association? Have you had any come to you seeking or have you sought out that kind of membership?

My fourth one, maybe I will just make my fourth one into a statement. You keep referring to RCM and the Manitoba Trucking Association. Why do you have an RCM? And I might ask, have you thought of having an NCM, northern carriers of Manitoba?

Mr. Harris: Responding in sequence, how does the membership grow? Like any good trade association, we promote it. We often have the carriers contact us before we contact them, and they want to be part of the association. They want to be part of our lobbying. Of course, our objective is to improve the conditions under which trucking companies operate, and they want to be part of that, and so we do promote. We do have the opportunity at this time, when a new operating authority is granted, to write to them and point out the benefits of belonging to the association, the kinds of things we do. So obtaining membership is a two- or three-pronged affair. I mention, too, the third one is from members themselves who promote directly with other carriers. They feel that they belong, and perhaps the other carriers should also bear their fair share of getting the benefits which the Trucking Association obtains.

Mr. Chairman, the northern Manitoba quality of roads, yes, we did look at this, and I am pleased to say this is one question we can respond to. The North is a very, very special place to serve, and it is served in a variety of ways. When we have the winter roads in, then we can get the goods in, in bulk, and perhaps stock up until we can do that again or somehow get goods in. But there are other ways, of course, we have to get the urgent goods in, and that is also handled by the trucking industry, but they may do it in co-operation with another mode, usually air.

So yes, there is some concern about the quality of roads, but we like to think—and perhaps you can correct me if I am wrong—that the difficulty of serving the North has not held back the ability of the carriers to actually do that service.

I know it is very, very difficult. I might mention also that the sparseness of the North creates its own difficulties. A number of carriers are actually authorized to service the North for general freight, but it is sparse, and I talked previously about economy of scale. For example, I know that Reimer Express, which also has the authority to service the North, purchased the Motorways authority when Motorways decided to discontinue operations, but they do not give the same frequency of service as does Gardewine. But they do give service, so there is competition into the North for freight.

Others that may come along as a result of this proposed amendment, I know other larger carriers are giving some consideration to servicing the North, but they have to look at it very carefully because it has to be on a return. It has to be a profitable operation.

Your third question regarded aboriginal trucking firms in the association, let me say that we have written to every aboriginal trucking firm that has an authority from the Motor Transport Board. We have had some inquiries back as a result of our writing. For one reason or another they have not—we have had members, I should mention, in the past, we have had members. I cannot recall their names offhand but we have had them. As a result of further information, for one reason or another they have not joined us. Certainly we would welcome, because there are a number of them and they are quite sizable firms.

I am involved with the Manitoba Trucking Industry Education Advisory Committee, Inc., and we are involved with driver training. We have a number of aboriginal trainees going through that course annually, so we are well aware of the opportunities there, but for one reason or another we have not been able to attract them as we might like.

We talk about the northern carriers association. I should mention that the RCM was formed to attend to a particular problem as they saw it, and that was, once again, the economy of scale and the opportunities available to them and some consolidation of terminal operations and this kind of thing. The northern carriers association—we have a number of carriers from Wabowden, Track Trucking, a number of them from Thompson, and at one time we had a number of the pulp haulers and we have not got those any more. Fourteen of them applied, I should not say applied, asked for further information on the trucking industry two years ago, and we were in a lengthy dialogue with them for one reason or another. I got the feeling, let me say, that they felt that the distance was a little much for them. They may not be able to attend the meetings, and they could perhaps do what they need to do on their own.

* (1050)

So as for having a northern division, if you will, the comment has come up, but frankly we have not had enough members to justify that in the North. We have, I think it is four or five, that is all.

Mr. Lathlin: This is not a question, this is a statement and that is, see, our concern, my concern anyway coming from the North, when we talk about northern roads, quality is very important of course. I mean you want to get there in three days instead of 21 days because by 21 days whatever you are carrying might not be there any more.

But I was more concerned about the cost, like for example if I had a truck and I was hauling and I belonged to this association and my truck, because of the roads that I travel on, my truck keeps breaking down every time I go to Norway House or something, because of the way the roads are. So I incur a lot of

expenses and sooner or later I am not able to keep up with my expenses let alone compete against Reimer and other big companies. That is why I asked the question.

Mr. Chairperson: Mr. Harris, did you have any comment to make on that observation?

Mr. Harris: No, it is a problem. The freight maximum, the tariff of maximum tolls does reflect some revenue for the distance travelled but it is a concern I have heard from a number of carriers. I have to be careful because I can fall into a trap here, but frankly it is a cost of being in the North. It is a cost of being somewhere that is remote, and regretfully you pay a lot more in the North, especially in Wabowden and places like that, for gasoline than we pay in the south, reflecting the transportation aspect of it.

Mr. Chairperson: Any further questions from members of the committee?

Mr. Jennissen: Not for Mr. Harris. I am just wondering maybe we should give the gentleman a break.

Mr. Chairperson: There being no further questions for you, Mr. Harris, thank you very much for your patience, your endurance and also your detailed responses to the many questions asked you.

Thank you for your presentation. I gather there are no other presenters here to make a presentation, so this completes the public presentation process with respect to all three of the bills we are considering today.

The committee will now proceed to clause-by-clause consideration of the bills before us. Since Bill 16 is the first one we have addressed, is it the will of the committee to proceed with that bill first? [agreed]

Does the minister responsible for the bill have any further statements to make at this time? Does the critic for the official opposition have any statements to make at this time?

Mr. Jennissen: Mr. Chairperson, I am wondering if I could ask the minister a few questions which basically come out of some of the material that Mr. Harris has also discussed, if that would be okay.

Mr. Chairperson: Is it the will of the committee to entertain those now? [agreed]

Mr. Jennissen: The first question was one basically of clarification. When I had talked with the spokespeople for the rural carriers I got the feeling that a year or two ago they did try to band together and form a pool or a co-op, and they had asked for an all-points authority and the minister had mentioned that briefly, but I got the feeling from their discussion that that had fallen apart. Now the minister said that that had not fallen apart, that in fact there was a grant and I know there was a grant, but that some carriers had banded together. Is that true?

Mr. Findlay: Yes, some carriers have banded together. They have utilized a grant to set up some process that they feel will improve their competitive capability down the road.

Mr. Jennissen: The second question I have for the minister is, and this is basically a request from those same spokespeople, they said that in this high pressure environment where the marketplace seems to determine who survives and who does not, there was some tremendous pressure on the small carriers and some of them had sold out within the last half a dozen years or so and received a fair price for their small trucking company.

However, with total deregulation looming, the feeling they were now getting was that the big carriers were sort of waiting, they did not have to buy out the smaller carriers any more because they would go broke anyway. Therefore, they felt, how were they going to protect an investment that they had put 20 or 30 years into? Was there some way that the minister or the government could give them some aid? That was one facet of it.

The second facet was, if they went under after honestly having given it a fair shot for 20 or 30 years, would there be some retraining available?

Mr. Findlay: I guess the question the member raises applies to every member of society. How do I protect myself from changes that may happen that lead to redundancy for my job or my company? I think

ultimately the best protection is a person's ability to perform and satisfy the customer in the cases of these carriers, that they have a quality of service and price that the shipper is prepared to pay. The shipper is not bound to use this carrier or these carriers forever and a day. I think it was mentioned earlier by other members that some of them haul their own freight. Some of them may use carriers like Purolator for small freight, and if you are out there as a trucker, you are offering a service to people who potentially are customers and potentially could be customers. If you can offer price and quality of service that they are satisfied with, you will ensure your future opportunities.

Also, I stand behind what I said earlier. There are many towns that when they have the small carrier come through, he has an economy of scale, but he does not have flexibility in being able to offer service. If a small carrier can come into a town along Highway 2 where the big carrier is offering service in a town and can offer something that is more attractive to a shipper, particularly a grocery store or hardware store, he has an opportunity to do business. So if you have a service to offer and sell that is competitive, it may be something that the shippers will want to pay for the service of. So I see opportunity there.

Retraining. Let me tell you, if you are a truck driver, Class I licence, there is a job waiting for you—no problem. There are lots of jobs in the trucking industry, and I think there will continue to be more, because as we go through the evolution of change of how goods are transported, the trucking industry is winning and winning and winning. More and more of the goods hauled in Canada are done by the trucking industry, and I believe it is a reflection of their response to what the shipper wants in the way of service and price. I think the world is really going to continue to expand in terms of truckers hauling goods for shippers.

Mr. Chairperson: We will now begin with clause-by-clause consideration of the bill. We will start with Bill 16.

Do we have leave of the committee for Mr. Lathlin to pose a question? [agreed]

Mr. Lathlin: Another general, you know, resulting also from your comments, from the minister's

comments, Mr. Chairperson. The minister talks about change, and how we have to adapt to the changes and move on. We all recognize that. I for one recognize that, coming from the background that I do. I have undergone some tremendous changes myself. Even coming here I went through tremendous changes. Okay? So that is a given. We all have to make changes when things change. Like the change in weather, we have got to adapt to that environmental change.

But the problem I have with the minister's statement is I know that this government has been under pressure by the Manitoba Trucking Association in the same way that they were under pressure from the automobile dealers association to change, to enact legislation whereby you had to go and get a safety inspection, and we are seeing now how that is working.

You know, it is not working to the level that the government expected that it would. Even now the auto dealers association are starting to complain that it might not be the best thing. But they pressured the government for many years. I remember when I first came here five years ago, the dealership in The Pas asked me, well, he said, Oscar, now you can do this for us—five years ago. And the government relented, they made the changes, in the same way they are relenting to MTA. So that is not evolution; that is not a natural change. That is a change that is caused by a government that has been under pressure by a group, and now he wants everybody to just sit back and say everything is A-OK. I mean, these big guys will come in and take over. But this is evolution, this is the way things are supposed to happen, do not complain.

* (1100)

I take exception to that. I think if I make changes, if I go ahead and make changes for you and changes that might affect you negatively, of course you are going to say something. I hope so anyway. Then if I told you do not worry, these are evolutionary changes that we are going through, everybody is going through them, you know, and not mention that this group has been bugging me for five or six years to enact this legislation, it just does not wash.

Mr. Chairperson: Mr. Lathlin, that observation having been made, I just want to caution, I do not want

to have everyone now getting engaged in a debate about the principles of the bill. I will give an opportunity for the honourable minister to comment on this, but I just give that caution.

Mr. Findlay: Thank you, Mr. Chairman. I will give some further understanding to the member for The Pas as to what is driving this.

Clearly shippers across the board have wanted the change. Shippers want choice, shippers want more competition, plus there has been a bill introduced in the federal Parliament on May 1 of '95 which repeals Part 3 of the Motor Vehicle Transport Act. Part 3 allows provinces to carry on interprovincial regulation of extraprovincial trucking firms. The date that we are going to be forced into this is January 1, '98.

We are going through a process here to allow our trucking firms to adjust to a federal reality of January 1, '98. There are only three provinces that are involved in this process. It is Manitoba, Saskatchewan and B.C. So the rest of the country has the competition and lack of regulation that we are headed towards, and I think it has been promoted by, yes, some truckers.

It has also been strongly promoted by shippers and federally acted on, and there are intraprovincial trade agreements in place which say that intraprovincial regulation is a trade barrier, a provincial trade barrier, and it must be removed. So there are a lot of forces at work that are driving this process to this conclusion, and I think proactive, and the trucking industry has been proactive, to come up with a compromise it allows an evolution towards January 1, 1998, that there is good for everybody.

You cannot—well, the member makes certain signs there. The world is run by economics. There is no doubt about it. You cannot change that, and we are in that process. Competition is a fact of life. Choice is what people want in the process of that competition, and the member is right, change is about. It will not stop. We cannot stop and hold things back. We cannot hide behind regulation to prevent change and evolution,

because it is natural. It always has been, and the rate of change in the future will continue to escalate.

Mr. Chairperson: Now, during the consideration of the bill, the title and preamble are postponed until all other clauses have been considered in their proper order by the committee. We will now begin with clause-by-clause consideration.

Clause 1—pass; Clause 2—pass; Clause 3(1)—pass; Clause 3(2)—pass; Clause 4—pass; Clause 5—pass; Clause 6—pass; Clause 7—pass; Clause 8—pass; preamble—pass; title—pass.

This completes consideration of Bill 16. Is there agreement to report the bill?

Some Honourable Members: Agreed.

An Honourable Member: No.

Mr. Chairperson: On division. The committee will agree to report the bill on division.

Bill 31—The Highway Traffic Amendment Act (2)

Mr. Chairperson: The next bill is Bill 31. We will proceed now with the clause-by-clause consideration, leaving the title and the preamble until the end. Bill 31.

Clause 1—pass; Clause 2—pass; Clause 3(1)—pass; Clause 3(2)—pass; Clause 3(3)—pass; Clause 4—pass; Clause 5—pass; Clause 6(1)—pass; Clause 6(2)—pass; Clause 7(1)—pass; Clause 7(2)—pass; Clause 7(3)—pass; Clause 8—pass; Clause 9—pass; Clause 10(1)—pass; Clause 10(2)—pass; Clause 10(3)—pass; Clause 10(4)—pass; Clause 11(1)—pass; Clause 11(2)—pass; Clause 11(3)—pass; Clause 11(4)—pass; Clause 12—pass; Clause 13—pass; Clause 14—pass; Clause 15—pass; Clause 16—pass; Clause 17(1)—pass; Clause 17(2)—pass; preamble—pass; title—pass. Bill be reported.

Some Honourable Members: Agreed.

An Honourable Member: No.

Mr. Chairperson: Is it agreed that the bill shall be reported on division? [agreed]

Bill 8—The Off-Road Vehicles Amendment Act

Mr. Chairperson: The next bill to proceed clause by clause, leaving the preamble and title until the last, is Bill 8, The Off-Road Vehicles Amendment Act.

Clause 1—pass; Clause 2—pass; Clause 3—pass;
Clause 4—pass; Clause 5—pass; Clause 6(1)—pass;

Clause 6(2)—pass; Clause 7—pass; Clause 8—pass;
Clause 9—pass; Clause 10—pass; Clause 11—pass;
preamble—pass; title—pass. Bill be reported.

This completes consideration of the three bills.

Is it the will of the committee to now rise? [agreed]

COMMITTEE ROSE AT: 11:09 a.m.