



Second Session - Thirty-Sixth Legislature
of the
Legislative Assembly of Manitoba
Standing Committee
on
Public Utilities
and
Natural Resources

Chairperson
Mr. Jack Penner
Constituency of Emerson



MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Sixth Legislature

Members, Constituencies and Political Affiliation

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

LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON
PUBLIC UTILITIES AND NATURAL RESOURCES

Thursday, November 7, 1996

TIME – 2:30 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Mr. Jack Penner (Emerson)

VICE-CHAIRPERSON – Mr. Ben Sveinson (La Verendrye)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Findlay, Stefanson,

Messrs. Ashton, Laurendeau, Penner, Pitura, Sale, Struthers, Sveinson, Tweed

APPEARING:

Mr. Richard Yaffe, Counsel to Province
 Mr. Julian Benson, Secretary to Treasury Board
 Ms. Shirley Strutt, Legislative Counsel

MATTERS UNDER DISCUSSION:

Bill 67–The Manitoba Telephone System Reorganization and Consequential Amendments Act

Mr. Chairperson: Could the Standing Committee on Public Utilities and Natural Resources please come to order. When this committee rose when we last met, we were considering Bill 67, and we were in the midst of considering clause by clause on Clause 12 as amended. Do you want to proceed with Clause 12 as amended?

* (1440)

Mr. Tim Sale (Crescentwood): Mr. Chairperson, I want to just record first for the record that I want to thank honourable members and counsel and staff for, I think, a good process this morning. I think we made some good progress. I think both sides of the committee recognized that there is a profound difference in our views about the desirable outcome of this legislation, but I think we have, in a very modest way, perhaps improved the legislation slightly. I appreciate the minister's flexibility in considering some amendments. I think that the committee has approached its task thoughtfully, and I appreciate that. I think that, hopefully, we can continue to do that this afternoon.

I want to make some comments on Section 12, and, in making the comments, I want to be very clear that I am not casting doubt on the government's or the minister's integrity in terms of putting forward what they believe to be the best possible level of protection. But I think that we should very, very clearly record that this particular clause is about as close to the heart of this legislation as you can get in terms of the difficulty with the intent that the government has. I think the government has every intention of attempting to make it possible for Manitobans to continue to show the kind of loyalty and pride in their corporation that they have obviously already shown.

I would just start by saying that I think we all may well confuse reality, if we think that it has been because MTS has been such a good marketer or because Faneuil has deluged Manitobans with calls either to come back home or to maintain their services, that MTS has the best record in Canada of retaining its long distance rate base and its local rate base. I think it has the best record for two primary reasons. One is because it is an excellent company, well run, and provides high-quality service to all Manitobans, a service whose quality we talked about often in this committee, but it is a service level which is the envy of many people who live in jurisdictions outside of Canada and even some who live in Canada who know that this is a very good service. Manitobans support the very good service.

I think it is also true that Manitobans have stayed with MTS because they believe in MTS. In some way they believe that it represents and reflects back to them their commitment to a province that has developed over 80-plus years. I think Manitobans have a deep pride in their hydro system and in their telephone system and that they see these things as sources of stability as well as sources of progress and certainly sources of a high standard of living.

I think governments sometimes get distant from the entity they govern. They may think that this is a business just like other businesses, but it is not. This is a utility that collectively engenders a great deal of pride because so many Manitoba families have had people who have worked in the corporation from the level of president to the level of the line worker.

Mr. Chairperson, can we have a break for 30 seconds, with leave?

Some Honourable Members: Leave.

Mr. Sale: Mr. Ashton has asked if he could ask a couple of questions or raise an issue. He has to go back into the House, and I have no problems with giving leave for him to do that, and then I will come back to conclude my remarks on Section 12 if the committee is prepared to give leave.

Mr. Chairperson: Does the honourable member have leave? [agreed]

* (1450)

Mr. Steve Ashton (Thompson): Mr. Chairperson, the question relates to the issue of pensions. The reason I am asking it now is because we did ask questions in Question Period. I know the minister was not in Question Period and may not be aware of this, but the Premier (Mr. Filmon) had indicated to us that he was meeting with people in regard to the pension issue. Have there been meetings taking place on the critical issue of pensions since the 12:30 adjournment?

I am wondering if the minister can indicate who he has been meeting with, because I have talked to a number of people here right now who are employee representatives who were not included in those meetings. I am

wondering if he can indicate whom he has met with and why certain groups were not part of that process.

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): I have always taken the position that this is an issue between the company and the employees, and, certainly, they have representatives. The member probably was here when—I cannot remember who made presentation, Mr. Beatty, I believe, made representation to the committee and acknowledged that the Minister of Labour (Mr. Toews) and myself had met with those representatives. I think there were four there that day who raised concerns to us about how the negotiations were going with the company.

We certainly took leadership in terms of trying to be sure the company aggressively negotiated, dealt with the different representatives to try to bring some of the issues to a conclusion. I do know that letters have been exchanged between the president or representatives of MTS and the different union representatives.

Having those letters, we met over noon hour to try to draft an addition or an amendment here that would, we hope, cross the bridge here in terms of giving greater comfort around the intent of equivalency, what equivalency would turn out to be. We are prepared when we get to that section to have that amendment brought in. It is currently being drafted, being drawn up for the committee, but it is MTS and representatives of the government to see if we can come up with something that serves the need as we understand it.

I just really want to remind the member it is between the corporation and the representatives of the employee groups to come to a resolution that we want to provide for here in this legislation.

Mr. Ashton: Well, I am shocked by the minister's statement. We are being asked to pass a bill that indicates that persons described in subsection 2 are deemed to consent to termination of their participation in the fund. In other words, we are going to be passing legislation that says that the people represented, who are part of The Civil Service Superannuation Act, MTS employees and retirees, consent to the termination of their participation in the fund.

We have had many presenters at committee who have said that they did not consent to that. We have to vote on this provision, and I am glad that some meetings have gone on, but I am wondering why that would not include current employee reps and why the minister would not be part of this.

The reason I am raising this, Mr. Chairperson, is because we have 1,300 recipients of MTS pensions currently. We have close to 4,000 employees. This is a major issue for them. We were told in the House that meetings were taking place, and I have just talked to employee reps who were not part of those meetings.

I know we are getting to this later, but I want to raise this now because I do not want to get to the issue of MTS pensions and be in a situation where a lot of the people who should be included in this consultation are not. I would stress again that I believe the minister should be directly involved in this. We are going to be asked to pass legislation that unilaterally takes out the existing employees and retirees from their current pension plan and sets up an alternative pension plan. That is not an issue between MTS and the employees; it is a piece of Manitoba legislation, and I think it is a very serious, serious matter. I want to ask if the minister will ensure that employee reps—and I know, for example, there are employee reps sitting at the back, I just talked to them, representing—there are three unions at MTS—a significant number of employees in this case.

I am wondering if the minister will ensure that they are included in the process, and that the government itself will be part of the process, not just MTS, but the government because we have to pass legislation. I wonder if the minister can perhaps comment on that, and particularly whether he will at least respond to the concerns that were expressed I know just yesterday.

Point of Order

Mr. Marcel Laurendeau (St. Norbert): On a point of order, Mr. Chairman, this committee has been running very well all morning long. We have had very good co-operation. When we started the committee this morning, we had agreed that we would be going clause by clause. This is Clause 15(8) that the honourable member—I listened very carefully, and he has moved on to Clause 15(8). We have been asking by leave to move through to

different clauses at different times, but at this time I do believe we are discussing a different one. I understood that we had given leave to continue the discussion on that clause. I do not believe the honourable member's questions are in order at this time. I would ask you to rule on that.

Mr. Chairperson: Mr. Laurendeau, you certainly do have a point of order; however, I want to indicate to you that there was leave asked of the committee to allow Mr. Ashton to put a few comments on the record. Mr. Ashton certainly has done that. There was no indication by anybody that those comments would pertain to Clause 12, which we were debating. So there was a departure allowed by the committee, and I would therefore indicate to you that it is my view that the honourable member is quite in order in doing what he is doing by leave.

So I would therefore ask the minister to respond as requested.

* * *

Mr. Findlay: If the member looks to the legislation, we get up on to 15(2), we talk about equivalent, equivalent in the broadest sense. I think the problem probably comes in as to how you determine that equivalent really happens, and so we have had discussions around an amendment that would give everybody some comfort that equivalent will be fair and reasonable for all concerned, whether it was MTS or the retirees or the future retirees.

I do not think we are on any different page here. We want to be sure we have equivalency, pure and simple, that is determined by an independent analysis process. That is what we want to move as amendments, open obviously to discussion with them at that time, but we have worked hard, the company has worked hard, to try to reach some level of understanding. Each outstanding issue has been resolved in that process. I think, down within the legislation, we see whether there would be concern that, how do you really determine, and in the fairest possible way, what equivalency is? If it is not equivalent, what do you do to bump it up?

* (1500)

Mr. Ashton: I just have one further comment to the member for St. Norbert (Mr. Laurendeau). The reason I

am raising this now is because at some point in time we are going to be dealing with clause-by-clause votes and we will be dealing with this clause. Now, I am hoping, I am really hoping that we can end up with a situation where the very real concerns that are out there can be dealt with. If I waited until the clause came up, I think it would be too late. That is why I raise it in advance.

I also want to urge, though, that any discussions that take place be comprehensive. There are existing employees, as well as retirees, who are concerned about this. There are three unions representing employees. I just talked to some representatives a few minutes ago who have not been part of discussions, who have written to the minister yesterday, who are not happy with the pension situation or any proposed amendments in that sense and are seeking some satisfaction on that basis, and the reason I am doing this now is to try and get this done before. I mean, no matter what happens on the sale of MTS, we will fight on that another time. I do not want to see the pension recipients and employees suffer, and that is one of the reasons, by the way, we wanted these hearings to take place the way they are, not in the middle of the night, you know, with some notice and the rest of it.

I am not trying to disrupt the committee. I just want to urge the minister—and I realize he is in the committee—if staff is dealing with it, to make sure the staff talks to some of the employee reps. There are employee reps sitting here right now, and if the minister does not get a chance to talk to them directly, I am sure if he wishes a recess, that can be arranged, too. I would urge that that perhaps be done prior to us actually getting to any fait accompli in terms of amendments.

What I would suggest is we can perhaps go back to the other provisions, but if it takes some time before we get into pensions to deal with it, I am sure the committee will be more than willing to recess, and if we run into difficulties in terms of the House itself, in terms of the committee sitting, as opposition House leader, I can indicate our willingness to accommodate that in terms of any recesses or other sittings that would be required.

Mr. Chairperson: Thank you, Mr. Ashton. Can we then now proceed with Clause 12?

Mr. Findlay: Mr. Chairman, we have an amendment back in Section 5, I believe it is.

Mr. Chairperson: We have an amendment on No. 12, and the amendment has been passed. I would like to ask consideration of the committee whether we could deal with Clause 12, and then we will revert back to 5(4). Is that the will of the committee? [agreed]

Mr. Sale: Mr. Chairperson, I would like to conclude my remarks on Section 12. This is a vital section and a central section. It is really the first of the major sections that attempt to maintain Manitoba's ownership of and serious stake in this future corporation.

I was referencing before, when we by leave had some comments on pensions, that I think the success of MTS in retaining its base of business at a higher level than I think all others—I may be wrong by one; it may be the second best, I think it is the best though—has a great deal to do with the pride of ownership and the sense of Manitobans that they have a stake in this corporation.

Over and over again in committee, we heard people say, I have been a proud supporter of MTS. My parent worked for it or my kid works for it or something like that, and the presenters have said, while it was a Crown corporation—[interjection] If the committee would like to break for a minute, I would be glad to do so.

While it was a Crown corporation, Mr. Chairperson, they said they saw the virtue of being not just interested in good business but also being good citizens, but they indicated that the day it is a private corporation like all others, they will treat it like private corporations that are in business to make money, and they will go for the best deal and the bottom line. I think that MTS can look forward to a more difficult time at maintaining its base when it is in the private sector.

Secondly, we have the government's intent to keep a head office here. I would just remind the government that lottery jobs from a lottery corporation decamped to Ontario and to Alberta. We are still part of the Manitoba Lotteries Corporation, but a good number of the jobs that were here are not here anymore. There is still a head office here, but it is a head office more in terms of a shell than anything else. Many of the jobs are no longer here.

* (1510)

I think members opposite who have had a long affection for the Hudson's Bay Company, as I have, not in its current form but in its previous form, it is part of our history—when I was a young boy, my great-uncle had a small number of shares in the Hudson's Bay Company, and that was how I got introduced to The Beaver magazine. It seemed to me that it was kind of a unique company that published a history magazine and that had some sense of itself over a long period of time, and many members of this country who owned Hudson's Bay shares treated them in many ways as legacies of the country's history and believed in them.

But the Hudson's Bay Company for a long time had its head office in Manitoba, at Hudson's Bay House, in fact, but everyone knew that the real head office was in Toronto. Once the company had been bought, it had the head office here. Its corporate letterhead said it was here, but everyone knew that the main jobs were in Toronto. They were not here.

The Faneuil corporation, another wonderful case in point, in which this corporation that existed in the form of some predecessor companies in the United States, was formed as a Canadian corporation to be, according to the government's press release, headquartered in Manitoba. The public certainly thought all its senior staff would be here. The reality is that this company is, in the words of its chief executive officer, a virtual corporation. It is one of his favourite terms. It is kind of high-tech jargon, but basically it means that the corporation does not really exist anywhere because it is everywhere, so it has officers in Boston and Ottawa and Chicago and Winnipeg.

But, if one seeks the corporate head offices of Faneuil corporation, the real corporate head office, as you find when you phone of the company's branches, is in Boston. Now, legally, that is a subsidiary of the Canadian Faneuil ISG—that is the parent, but the American corporation is where the real decisions are made, the business is done and the corporate headquarters exist. You talk about where the research and development jobs are in that corporation, which is a good analog for what we are looking at, I think, because it is in the telemarketing, telecommunications business and it has styled itself as the highest of high-tech telemarketers and sold itself to the Manitoba government on the basis that there would

be some 90 to 100 senior jobs doing high-quality research, cutting-edge research in the area of telecommunications, telemarketing, data base, mining, et cetera. There are perhaps 10 to 15 such jobs here, certainly not many more than that. There are nowhere near 90, and when you inquire where the senior officers of the company are at any one time, they may be in the air somewhere, but basically they are headquartered in Boston. Now it is true that the president maintains a home here. How often he is here, I do not know, he is a busy person, but he also maintains a home in Boston, and the one in Boston is somewhat more elaborate than the one in Winnipeg.

So I think, I trust the government and its members are not deluding themselves by attempting to sell Manitobans on the idea that this provides any real protection. If they are, then they really are foolish. I think by this they are only trying to mollify the concerns of Manitobans, and I have to say, it does not wash. Being a company in the private sector is kind of like being pregnant. Either you are or you are not, and you cannot be partly pregnant and you cannot be partly in the private sector. You are either in it or you are not in it, and once shares are on the market and have a value and investors have a sense of whether this is a growth opportunity or not, the shares will be traded, and they will be as widely held as AGT shares are.

As the minister pointed out earlier—and this is exactly the point, this is the Hobbesian dilemma—you cannot act to circumscribe what people can do with their private property. As long as it is legal, they can do as they please with their private property, and if that means selling it on the open market where these shares will be listed in Toronto, there cannot be any limitation who can own their shares after the government share is extinguished. As any stockbroker or any investment person will tell you, one of the really critical issues in any publicly owned company—by publicly, I mean publicly on a stock exchange; I do not mean publicly in the Crown corporation sense. Any publicly owned company must have liquidity of its capital if it is going to be an attractive company, because no investor wants to take a risk on an equity investment in which there is no market because, should you need to sell it for any reason, whether you need to sell it to raise your capital to do something else with it or whether you need to sell it for emergency reasons or whether you just do not think it is

a good thing to own anymore, you are not going to buy it in the first place if you do not think you can sell it.

I know, and I am sure all the members opposite know, that when you set out to sell your MTS shares six months from now or a year from now or 10 years from now, whenever it is—you will sell them one day, or your estate will. At some point, your shares will come on the market, and indeed if the shares do not come on the market, then the company is not liquid and does not have much interest as a jointly publicly owned company. When you sell those shares, you will not be inquiring whether it is Aunt Minnie from down the street who is buying them or whether it is John Smith from halfway across the world. The shares will be sold through a broker, and the broker will not ask anything of the buyer except that they have the money, and that is as it should be in a publicly owned joint stock enterprise.

That is as it should be because an investor has the right to divest an equity holding, and if you tried as legislators to put some circumscription on this, to tie that up in some way, the brokers whom you are dealing with would say, wait a minute, I am not going to be able to sell these bloody things because there will not be any market for them. That is the first thing they would say to you if you said these shares are only tradeable in Manitoba and can only be held beneficially by Manitobans. The protection here is 15 days; 15 days Manitobans can get a jump and can invest as they want.

Now, Mr. Chairperson, let us not dissemble about this. There cannot be any protection that is meaningful for this corporation in terms of its Manitoba status. You can tell AGT if it becomes a purchaser, you can tell Ontario Bell or whatever company winds up with a stake in this company or may decide when the government's share is extinguished that it is going to own 51 percent, you can tell them that you would like it to stay here as a head office, and they may for public relations purposes, undoubtedly they would for public relations purposes maintain an office here, but if you for one minute think that they are going to keep jobs here that they could more efficiently combine with other functions in their corporation or more efficiently ship to Arkansas or New Brunswick or any other place to get them done there, then you really are deluding yourself.

I do not think you mean to do that, but if you think this protects jobs or protects anything other than the symbolic logo on a building on Portage Avenue, you really are fooling yourself because what will be determining how many people are inside that building and how many floors are instead sublet to other tenants will be the conditions of the market, the return on equity, the opportunities for investment in terms of the parent corporation, whoever it is at the time. So, as we pass through this, let us remember that this is symbolism, that this is window dressing. I do not blame the government for doing it. This is something that they have to do for at least public relations purposes. I do not even fault their intent, but let us not pretend that there is any substance behind the intent.

* (1520)

My last comment in this area is it is kind of a reality check. It would be really instructive for the backbenchers who have not been in the cabinet as these things have been discussed to take a look at how big a Manitoba financing can be subscribed by Manitoba investors. We are not talking here about \$25 million in HydroBonds or \$75 million in HydroBonds or \$150 million in HydroBonds. If you look at the size and liquidity of the Manitoba capital market, particularly when you are thinking about individuals buying these shares, as the minister, I think, with all good intentions, wishes to happen, the capacity of the market of Manitoba to absorb a \$750-million financing in 15 days is about the same opportunity as the snow to melt in January and the flowers to bloom. There is no likelihood on God's green earth that this would happen.

It takes a long time to market even a small bond holding on the part of Manitoba Hydro to sell enough HydroBonds for a given year to reach the quota. Mr. Chairperson, \$750 million is \$3,000 per average Manitoba family. Do we seriously think that every Manitoba family is going to come up with \$3,000 to buy stock in this company? I mean, is that a serious thought on the part of the government? Look at the structure of Manitoba families. How many families have that capacity? And that is not a lot of money. I mean, that is not a big amount of money, but how many families are going to pony up \$3,000 to buy their share amongst all of the families of Manitoba?

So we can go by this section, but we should not go by—and particularly the backbenchers should not go by on the assumption that this means anything. It is public relations. It is justifiable public relations, but it is only public relations, and we should not pretend that having the head office here means a darn thing in terms of the number of jobs that actually stay and in particular in terms of the good jobs, the executive, high-level, decision-making, research and development jobs that are now part of MTS because, as it is held increasingly by outside corporations, particularly telecom corporations, as I am sure it will be, they will do the jobs where it is most efficient and effective for them to do them, and they will not necessarily be here. They may be. That would be good. But to think that this is really achieving anything other than window dressing is deluding ourselves, and I hope we are not being deluded.

Mr. Chairperson: Thank you, Mr. Sale. Item 12 as amended—pass. Shall we now revert to 5(4)? Is there leave of the committee? [agreed]

Mr. Findlay: I move, in both official languages

THAT the following be added after subsection 5(5):

Mines and minerals reserved

5(6) Notwithstanding the definition of “land” in subsection 1(1) and notwithstanding any other provision of this section, mines and minerals in, upon or under land referred to in this section are reserved to the Crown in the same manner as set out in section 4 of The Crown Lands Act.

[French version]

Il est proposé d'ajouter, après le paragraphe 5(5), ce qui suit:

Réserves relatives aux mines et minéraux

5(6) Malgré la définition de “biens-fonds” dans le paragraphe 1(1) et toute autre disposition du présent article, les mines et les minéraux qui se trouvent dans les biens-fonds visés par le présent article sont réservés à la Couronne de la même manière que celle prévue à l'article 4 de la Loi sur les terres domaniales.

Mr. Chairperson: The clerk brings to my attention that we left off 5(4). This one is dealing with 5(5). [interjection] This one is at 5(6). However, should we deal with 5(4) first? There had been an amendment proposed under 5(4), I understand. We have not dealt with 5(4), so I would ask that we first deal with 5(4) and then deal with 5(5). [agreed]

I will ask then whether the committee agree that 5(4) as amended be passed.

Amendment—pass; Clause 5(4) as amended—pass.

Clause 5(5). The minister has read into the record an amendment on 5(5).

THAT the following be added after subsection 5(5):—

An Honourable Member: Dispense.

Mines and minerals reserved

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Mr. Chairperson: Amendment—pass. Shall Clause 5(5) as amended pass?

Mr. Sale: Wait a minute, Mr. Chairperson, I do not think we have passed—

Mr. Laurendeau: This is an add-on after 5(5).

Mr. Chairperson: Clause 5(5)—pass.

Now, shall the addition after 5(5), which will be 5(6) as proposed by the minister, pass? The amendment is accordingly passed.

Mr. Sale: I am sorry, I did have my hand up before you claimed it to be passed.

Mr. Chairperson: Oh, I am sorry. It is not passed then.

Mr. Sale: Yes, we are getting somewhere, I think. Would the minister allow counsel to address the extent of the "land" definition that is left in there? I know this is consistent with the Crown Lands definition, but I do not know the Crown Lands definition as to whether it includes all those other things about water and water power and water resources and all those other pieces of the "land" definition. My concern was that the definition of "land" here was a whole lot broader than it needed to be. I understand The Crown Lands Act, but I do not know what the Crown Lands Act says, so if counsel could tell me what The Crown Lands Act says in terms of the definition of "land" there, that would help us understand whether we are still broader than we need to be or whether this is reasonable.

Mr. Chairperson: I will for clarification of the committee, while the discussion is going on as to The Crown Lands Act, indicate that we did not amend 5(5), that we passed 5(5) unamended and that we are now looking at an amendment that will add another section or another clause which will be 5(6). That is what we are discussing now.

Mr. Richard Yaffe (Counsel to Province): I will give an interim response, at least. Land is not defined in The Crown Lands Act. Land is however defined in The Real Property Act, and my recollection is that the definition of land in Bill 67 is largely if not entirely taken from the definition of land in The Real Property Act and the definition of land in the current telephone legislation.

Mr. Sale: Mr. Chairperson, if you would like to leave this aside until we get a little further clarification, I have no objection to that.

* (1530)

Mr. Yaffe: Actually, my response has just been confirmed. The definition of land in Bill 67 was derived from the definition of land in The Real Property Act, and to the extent that that definition was not consistent with the definition of land in the current Telephone Act, elements were picked up from The Telephone Act, as well, to arrive at the definition in Bill 67.

Mr. Sale: I appreciate the answer but I remain unconvinced that there is a reason to transfer to this new entity things which properly apply to things like Manitoba Hydro, for example, just all of the references to water, water power, rentals, and blah, blah, blah, blah. It is a very, very extensive definition, and I do not think that any of us would have a lot of trouble when that definition applied to a Crown corporation, but when it applies to a totally arm's length private corporation, I may be seeing bogeymen under the bed, but I would rather see them now than have them leap out at me in the middle of the night. I take the Calvin and Hobbes approach to this.

So, if the committee would agree, I would like counsel to have a little further discussion about this before we agree that we have sufficiently addressed this question of the breadth of what is being conveyed.

Mr. Chairperson: Does the committee agree to that? [agreed] We will allow Crown counsel to have further discussion on it.

We will then move on to 13(1). Clause 13(1).

Mr. Sale: Mr. Chairperson, 13(3) I think is the real issue here, but I wanted to ask the question of how the board will be comprised as of the date of Royal Proclamation. Is it the existing board, continued? What is the mechanism?

Mr. Findlay: Mr. Chairman, the existing board carries on until Proclamation. At Proclamation, a new board will be appointed by the Lieutenant-Governor-in-Council.

Mr. Sale: So, Mr. Chairperson, under the normal rules of a corporation, a joint stock corporation, there would be an election via a majority of shareholders operating in some kind of fashion or form.

What is the appropriate section to ask questions about that mechanism? I will not ask them here if this is not an appropriate section, but if the minister or counsel could indicate where we might more appropriately discuss that question, if not here.

Mr. Yaffe: Mr. Chairman, I think the response is you will not find another more appropriate spot in Bill 67. The Corporations Act, if you remember earlier on, there is a provision that says that The Corporations Act will apply, and there will be required annual meetings. Under The Corporations Act, the corporation is required to have an election of directors, and subject to the provisions in Bill 67 that specifically deal with directors, The Corporations Act will apply.

Mr. Chairperson: Shall Clause 13(1) pass?

Mr. Sale: If that is Mr. Yaffe's answer, we might as well have the discussion about that here rather than trying to find a different section in which to have it.

Mr. Yaffe: Subsection 13(5) deals specifically with the right of the minister.

Mr. Sale: Okay, let us have it there.

Mr. Chairperson: Clause 13(1)—pass. Clause 13(2).

Mr. Sale: Subsection (1) we understand, nine and 15. Subject to (3), (3) is presumably going to be determined within a range of nine to 15. Am I correct? [interjection] So the Lieutenant-Governor-in-Council will appoint between 9 and 13 people to the new board, so that is what subject to (3) means, and the board really cannot do this until it comes into being.

Mr. Findlay: Until it happens.

Mr. Sale: Until it happens. So the new board will be, let us say, 12 people. That is a good biblical number, and the only question is, which one is Judas, I guess, and we will not speculate on that. They could then under Section 13(2) vary the number after they were first appointed. [interjection] Okay, thank you.

Mr. Chairperson: Clause 13(2)—pass. Mr. Benson, for clarification

Mr. Julian Benson (Secretary to Treasury Board): They cannot vary the four who are there representing a special share.

Mr. Chairperson: Is that clear? Thank you.

Clause 13(3). The minister has an amendment.

Mr. Findlay: Mr. Chairman, I move

THAT subsection 13(3) be amended by striking out “coming into force of this Act” and substituting “coming into force of this section”.

[French version]

Il est proposé d'amender le paragraphe 13(3) par substitution à “de la présente loi”, de “du présent article”.

Motion presented.

Mr. Sale: Mr. Chairperson, sorry, I was looking for where 13 was referenced in terms of the three sections, the sequential coming into force. It is not referenced as one of the sections in any of the 38(1), 38(2), 38(3), so, again, I am just a bit confused about why this is needed.

Mr. Yaffe: All of the sections of the bill which are not specifically mentioned in Section 38 will come into force on proclamation, but because we have three different times of provisions coming into force, we have—if you take a look at the proposed amendment to 38, there is one retroactive section, there is a Royal Assent section, and there is a proclamation section.

Mr. Sale: I just do not understand why you would move—and this is just technicalities; it does not really matter in a sense—why you would take it out of coming into force of the act and put it to a section when there is no reference to this section or indeed to many, many sections in 38. So if we go to 38, and I am not suggesting we do that now, but if we look at it, it does not cover the rest of the act, other than the section—38(1) says this act comes into force subject to the other two sections, which pulls the pieces out that you want to be retroactive and that you want to be into Royal Assent.

* (1540)

It is just that, I guess, I do not understand why you do not leave it there, but I will not ask any more questions about it, I promise. I am sure you are right. Pass.

Mr. Yaffe: Under one of the three clauses of 38, the act may be brought into force by proclamation, different sections may be proclaimed in force at different times. So under 38 we have at least three times when sections will be coming into force. We have the one retroactive section. We have the Royal Assent, and assuming that all of the sections to come into force on proclamation are proclaimed at the same time, we have the proclaimed sections.

So we have at least three different times when sections will come into force, and within the proclamation, the sections to come into force on proclamation, those may be proclaimed into force at various times.

Ms. Shirley Strutt (Legislative Counsel): There is no day on which the act is proclaimed. There is a series of days, and so to make sure that the section reference is right, we say, coming into force of this section.

Mr. Chairperson: Shall the amendment pass?

Mr. Sale: I just want to thank the committee and staff for helping me get some understanding. I just could not see the logic of it. I do now and I apologize for holding up that section.

Mr. Chairperson: Amendment—pass. Clause 38 as amended—pass; Clause 13(4).

Mr. Stan Struthers (Dauphin): Mr. Chair, I am wondering how the minister is going to ensure that there is a majority of directors of the corporation resident in the province. By what means can he ensure that?

Mr. Yaffe: The response to this question really, in part, goes back to Mr. Sale's commentary about 12(2) earlier, which I was not going to respond to. One of the benefits of ensuring that this company cannot continue out of the jurisdiction of Manitoba is that the legislation of the Province of Manitoba will always apply to this company. So that is a benefit which we have not talked about and I decided to remain silent. [interjection] However, I am a lawyer.

So there is a legislative requirement that the majority of the board be Manitoba residents. If and when we get to Section 23 of the bill, you will see that there is the ability of anyone to apply to court if there is a perception that sections of the bill act are not being complied with and that would include the requirement that the majority of the board be Manitoba residents.

Mr. Struthers: Is the minister looking at any percentage of the board that would be Manitoba resident, or is it just a plain majority?

Mr. Findlay: A majority of 12 to me, means seven. It does not mean six and six. That is just pure arithmetic.

Mr. Struthers: Okay, so it is 50 percent plus one would be the majority.

Mr. Chairperson: Item 13(4).

Mr. Sale: Mr. Chairperson, I appreciate Mr. Yaffe's comments and this is not at all aimed at him. I want it to be clear. I had this comment to make whether or not he spoke. Most of us know that directors are very often placeholders for people who have shares. Often a number of people will combine their proxies and will elect a particular director. It would be convenient to have a director who lived in the province that the company does business in, but, again, as in 12, there is no substantive protection here against decisions being made which are not in the interests of Manitobans.

I think the appearance of this section is that Manitobans will continue to have a majority say on the board and I think to many people that is an attractive idea. They have a majority of the say on the board now by virtue of the fact that it is a Crown corporation, but I think all of us would be aware of the fact that it does not take any great mathematics to figure out that once the shares are beneficially owned outside of Manitoba, as they undoubtedly will be even from the very beginning, I suspect a majority of shares will not be owned in Manitoba beneficially. I hope that is not the case but I do not hold out any huge hope because I do not think Manitobans are going to come up with \$350 million at an individual level over the next little while, the next 15 days.

The reality is that the directors will be elected by those who put together sufficient blocks of shares to vote at an annual meeting to elect directors. Those directors will take instruction from those who elected them and who caused them to hold their position. So, again, this has the appearance of protection. It has the appearance of substance and when you market the company to Manitobans to get them to purchase it, you use this to say, see, we are committed to Manitobans having a majority say on the board. Legally, they may well—half of them, in fact, in the beginning instance, 90 percent of them—may well be Manitobans and the very first board, of course, I am sure they will all be Manitobans.

But to think this protects Manitobans interests down the road even a very short distance, again, is the same illusion that having the head office registered here protects the significant jobs or significant decision making on the part of the corporation.

Mr. Chairperson: Item 13(4)—pass; item 13(5)—pass.

Mr. Sale: Mr. Chairperson, I am sorry Mr. Benson is not here. He is not in the room, or maybe he is close. My question is this: Mr. Yaffe earlier laid out a scenario which I actually think is quite likely, that the new owners, those who have an interest in taking a stake in this corporation, may very quickly look at the debt structure of the company owed to the Manitoba government and the rate of interest that that debt carries.

The government has made it very plain that they would be interested in retiring as much debt as possible, and I am sure it is in the interests of the company to retire high cost debt and replace it with lower cost debt. Given that commercial paper today, to this company, is probably available at around 8 percent, whereas I think the debt structure currently is probably in the order of about nine and three-quarters or 10 percent—I think the Finance minister can probably actually give us these numbers—I suspect that very quickly a new corporation would far rather borrow money on the market or even attempt to issue further equity in the company if they could do so to pay down their corporate debt and extinguish the special share much more quickly than perhaps people might think likely, simply because interest rates have fallen so sharply over the last year that the benefit to the new company of extinguishing debt at an average of 10-or-so percent and then taking on new debt at an average of 8-

or-so percent is a significant advantage to the bottom line.

* (1550)

So I would just like to ask whether the minister or staff or the Finance minister think that this is, in fact, a fairly likely scenario that there would be a faster pay down of debt than perhaps we might have thought, given interest rate moves in the last three or four months.

Hon. Eric Stefanson (Minister of Finance): I would say no. As the member for Crescentwood (Mr. Sale) knows, the existing debt of Manitoba Telephone Systems does come due at different periods of time and, again, as he knows, we certainly are attempting to take advantage of these low interest rates at every opportunity. There is a certain amount of debt that is fixed and locked in and that obviously will preclude, to some extent, some of the refinancing options, so our expectation is not that that will happen in the short term, but there are going to be, I believe, some schedules with some payments that we will see it happening over a reasonable period of time.

Mr. Sale: This may not be the right section to be asking this question, but I will do it anyway because I do not know where else to ask it. I was concerned—maybe I will wait until the Finance minister is finished his conversation because it is really a question to him.

Mr. Stefanson: A little bit of additional information for all members of the committee is, again, with the filing of the prospectus. There will be a debt repayment schedule, and there will be a maximum amount of debt that can be retired in any one given year. So that will show it over a minimum/maximum, over a minimum of a certain number of years as part of the overall prospectus, so it does mean that a certain amount of debt will be in place for at least a fixed period of time, relating back to the province.

Mr. Sale: I appreciate the minister's answer. Could he indicate what that minimum period of time is?

Mr. Stefanson: No, you do not have me cornered. I mean, the only reason I hesitated is, again, I mean there is this whole issue of what information will be in the prospectus and so on, but I believe it will be approximately four years, minimum.

Mr. Sale: That was an area in which I was going to ask a number of questions and if the committee is prepared, I would like to ask those questions now because we are talking about the question of the special share. There are several places we could do it, but this is really the place at which I think it makes sense.

Mr. Chairperson: Proceed.

Mr. Sale: I was wondering whether there were provisions for lump sum payments, as it were, where, in effect, the government allows for a lump payment regardless of whether the debenture that is being retired is, in fact, due or not. I think what the minister is saying is, yes, there is provision for lump sum payments that could have the effect of retiring a debenture that is not ready to be retired. It is like a mortgage with a fixed payment that you could make a lump sum payment at the end of the year. Am I understanding that correctly?

Mr. Stefanson: As I indicated, the fastest that the existing debt can be paid off is four years. I also indicated that the current debt schedule does remain in place, so any decisions the company makes, they will have to factor in what those current interest rates and so on are. But there is a minimum annual payment. So the fastest the debt is four years, the existing debt schedule pace, so they will have to make that business decision if they want to be paying to get out of the existing debt schedule that applies. There is a minimum payment, so the debt could remain in place for many, many years if they want to follow the minimum payment, so I think that answers all of the questions.

The fastest it can be paid off is four years. The maximum number of years, I think, would almost apply to the existing debt schedules that are in place which could take us out many years. Do you have the number of years? [interjection] Yes, I would not want to give an exact number, but that is the kind of thing exactly.

Mr. Chairperson: Do you want to deal with 13(5)?

Could we have a bit of order first before we leave. I am not sure whether it is necessary that we are needed in the House and somebody should go find out. If we are not needed, I would ask that we continue; if we are needed, then I would ask that all members return here immediately after the vote in the House.

An Honourable Member: There is a vote?

Mr. Chairperson: We will go and check it out, if you want to have just a wee bit of patience.

Mr. Sale: Mr. Chairperson, I understand what you are saying, but, as a member, there are bills that are being voted on that are important to me with which I have disagreement or agreement and, as an elected member, I want my vote on the record. If there has been a recorded vote called, I want to be it there for it, so I am not prepared for this to continue.

Mr. Chairperson: I understand that. If that is the case then, we will leave but we will come back here immediately after the vote. Committee will then recess till we come back after the vote.

The committee recessed at 3:59 p.m.

After Recess

The committee resumed at 4:43 p.m.

Mr. Chairperson: Would the committee come back to order. If it is agreeable, by leave of the committee, we will revert to 14(1). Agreed? [agreed] [interjection]

We will go ahead then to 14(1), with leave. [agreed] Clause 14(1). Has the minister got an amendment? [interjection] No? Shall Clause 14(1) pass?

Mr. Sale: Mr. Chairperson, it is hard to sort of get back to where we were in terms of a flow, when we are skipping around a bit, but I would like to ask the minister if he could just run by us the intention of the various modifications in Section 14 as a whole.

I agree that 14(1) is totally noncontroversial. I do not have any problem with that, but there are a series of amendments under (2), et cetera, and the minister, I know, is making substantive changes in what is in 14(3), for example, so maybe if we could just hear from the minister to refresh the committee on what the purpose of the changes in 14 are, we could then move through it.

Mr. Mervin Tweed (Turtle Mountain): Mr. Chairman, would it be better to read the amendments to all of 14 as we did in the first section?

Mr. Chairperson: Do you want to read them all in?

Mr. Tweed: No, no, all of Section 1.

Mr. Chairperson: With leave? Is there leave to read all the amendments into the record? On 14, from 14(1) to 14(3)? [agreed]

Mr. Findlay: Mr. Chairman, I move

THAT subsection 14(2) be amended by adding the following after clause (b):

(b.1) the prohibition on ownership of voting shares by any government or agency thereof, other than the Crown and its agents, as set out in section 18.1;

[French version]

Il est proposé d'amender le paragraphe 14(2) par adjonction, après l'alinéa b), de ce qui suit:

b.1) l'interdiction pour les gouvernements et leurs organismes d'être propriétaires d'actions avec droit de vote, exclusion faite de la Couronne et de ses mandataires, en conformité avec l'article 18.1;

The next one, Mr. Chairman, is

THAT clauses 14(2)(c), (d) and (e) be struck out and the following substituted:

(c) the suspension of voting rights in circumstances where limits or restrictions set out in section 17, 18 or 18.1 are exceeded or violated;

(d) the refusal by the corporation to issue or register voting shares in circumstances where limits or restrictions set out in section 17, 18 or 18.1 are exceeded or violated;

(e) the purchase of voting shares from holders whose holdings exceed limits or violate restrictions set out in section 17, 18 or 18.1;

[French version]

Il est proposé de remplacer les alinéas 14(2)c), d) et e) par ce qui suit:

c) la suspension des droits de vote dans les cas où les limites ou les restrictions prévues aux articles 17, 18 ou 18.1 sont dépassées ou enfreintes;

d) le refus de la Société d'émettre ou d'enregistrer des actions avec droit de vote dans les cas où les limites ou les restrictions prévues aux articles 17, 18 ou 18.1 sont dépassées ou enfreintes;

e) le rachat d'actions avec droit de vote des titulaires qui détiennent un nombre d'actions qui dépasse ou enfreint les limites ou les restrictions prévues aux articles 17, 18 ou 18.1.

The next, Mr. Chairman, is

THAT clause 14(2)(g) be amended by striking out "being" and substituting "be".

[French version]

Il est proposé d'amender l'alinéa 14(2)g) de la version anglaise par substitution, à "being", de "be".

The next one, Mr. Chairman, is

THAT subsection 14(3) be amended by striking out "16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26" and substituting "16(1), 16(2), 16(3), 17, 18, 18.1, 19, 20, 21, 22, 23, 24, 25, 26, 28(a), 28(b) and 28(b.1)".

[French version]

Il est proposé d'amender le paragraphe 14(3) par substitution, à "et les articles 14 et 16 à 26", de "l'article 14, les paragraphes 16(1) à 16(3), les articles 17 à 26 et les alinéas 28a), b) et (b.1)".

Those are the amendments in Section 14.

Mr. Chairperson: Clause 14(1)—pass; Clause 14(2). Shall the item pass?

An Honourable Member: No. It has to be amended.

Mr. Findlay: I move—

Some Honourable Members: Dispense.

THAT subsection 14(2) be amended by adding the following after clause (b):

(b.1) the prohibition on ownership of voting shares by any government or agency thereof, other than the Crown and its agents, as set out in section 18.1;

[French version]

Il est proposé d'amender le paragraphe 14(2) par adjonction, après l'alinéa b), de ce qui suit:

b.1) l'interdiction pour les gouvernements et leurs organismes d'être propriétaires d'actions avec droit de vote, exclusion faite de la Couronne et de ses mandataires, en conformité avec l'article 18.1;

Motion presented.

Mr. Chairperson: Shall the amendment pass?

Mr. Sale: Could the minister or counsel indicate what is accomplished here by this?

Mr. Yaffe: Item 14(2) is amended by including reference to the new prohibition against ownership of shares by a government, and as a result of that prohibition being inserted, everything moves down. All the cross references now refer to 18.1 which is the new Crown share ownership prohibition.

Mr. Sale: So the reference in this amendment is to the amendment further on in our package, in other words? I was thinking that it was just a typo in terms of 18.1 in the current act, but it is the amended. I should know better than to think there are any typos here. It makes a lot more sense this way than what I was reading. Okay. I do have some questions here, Mr. Chairperson, "by any government or agency thereof and other than the Crown and its agents", and the Crown means here the Crown in right of Manitoba presumably, not other Crowns in other provinces or the federal Crown but the Crown in right of Manitoba? This is a technical question but is that sufficiently clear? Does the meaning of "Crown" alone here convey under our definitions all we need to convey?

Mr. Yaffe: The Crown is defined in Section 1 of the act as the Crown in right of—

Mr. Sale: Crown in right of Manitoba. Okay. The issue here is obviously a very important, a very real one. The only other telco in Canada that is Crown owned is SaskTel, and those who have read SaskTel's balance sheet know that it is a very, very strong corporation and has very substantial cash assets in its balance sheet and is an aggressive player in telecommunications activities outside of Saskatchewan. It does not limit its operations to Saskatchewan, although it is principally there, obviously, but it has taken part in projects in other parts of the world. We will always be conscious of MTX. You will always be conscious of beating us for that, and we will exchange beatings on a variety of things and we will all be bloody but not necessarily wiser.

I have a problem with excluding a sister telecommunications company just because it happens to be Crown owned in regard to the investment in shares in this Crown corporation. SaskTel is a very profitable corporation. It is very well run, has a very strong balance sheet and I think that it is in Manitobans interest if SaskTel chose to take a minority position in our telecommunications system. Who can see very far down any road? None of us are blessed with that kind of insight, but I would not be the first elected official or the first Manitoban to foresee the possible day when the prairies might be a region that had some kind of identity within a greater or a lesser Canada. I cannot foresee that, but I do not want to preclude it either.

* (1650)

It would be, I think, a very, very valuable stabilization factor against the control of this corporation by foreign multinationals over a very short period of time. I am hoping the Finance minister will come back soon, but the Finance minister indicated, I believe, I do not think I am taking his words incorrectly, that the minimum period under which the special share could be extinguished is four years.

I do not think that is accidental. I was very concerned about that and I will ask a number of questions about that when we get back to it, but that does rather nicely skate us by the next election, and that kind of timing I do not think is an accidental thing. Four years in the life of a

corporation that has lived for 88 years is a very short period of time; four years in any corporate life is a short period of time.

So, I wonder why we would not be open to the investment in the Manitoba Telephone System by a sister telecommunications company in Canada that has the interests of its citizens, but certainly the interests of the region at heart. Saskatchewan has no interest in having a weak prairie economy and many people have made the case that, in fact, the prairie economies as a whole are extremely complementary.

When you look at our three economies on a macroeconomic basis, you see very, very complementary resources from the oil and gas to the wheat lands, to the mineral resources to the vast hydroelectric resources that we have underdeveloped in Manitoba. As those of us who were at the presentation of Manitoba Hydro's annual report to this committee about a week or 10 days ago, we watched a very extensive visual presentation by its chairperson showing that only about half of our hydroelectric potential is developed.

We all know that Saskatchewan uses nonrenewable resources to generate a good deal of its power. So while I know that this government, out of hand, and I think foolishly, unwisely, peremptorily rejected the offer of Premier Romanow to look seriously at emerging of the prairie utilities, I know the government rejected that, but I think the government was very unwise to do so without a thorough look at the costs and benefits, the problems and the possibilities.

Now the government has made a great deal out of the notion that we would protect the location of the head office, but I think we know and the government knows that should, in four years time, this company be completely privately controlled, that there is no meaning to the head office protection. It is a symbolic protection. The government also knows that there is no meaning to the Manitoba board of directors requirement. They will be elected by those who assemble the shares to elect them, and they will be instructed by the people who assemble the shares to elect them.

So the notion that there are any protections here is symbolism. It is nothing more than symbolism. I would wonder why, if the government thinks it has a sound

business case for privatization and why, if it is really concerned about the future stability and the future stake of regional Canadians in this entity, and why if it reads history at all. Because it will know if it reads history that political entities change over time. The Manitoba of 1870 was a postage stamp. The Manitoba of today is a rather large geographic area. In 1870, Saskatchewan did not exist except as a Crown territory; it came into existence somewhat later.

So when we look in terms of that longer time frame, it seems to me to be unwise, to be foolish to exclude the possibility that Saskatchewan might wish to invest up to the limit of an external investor—not talking about control here—but up to the limit of an external investor. So I think this is a foolish section and we will oppose both this section and Section 18.1, the new section, because it is not based on sound business decisions, it is not based on regional concern for our province in the prairie region of our country. It is based on narrow ideology, no Crown corporation can be a wise steward and so we must prohibit any Crown corporation, no matter who it is or where it is from, from ever owning a single share of this company because they may not be a wise steward.

Well, I have some questions here, and one of the questions is, does this have any effect after the special share is extinguished, or is it, in effect, something that does not have any effect after the special share is extinguished and so, if you look at what is continued, what is on continuance, then Section 14 is repealed at continuance.

So, we are not going to protect this company from the potential that Saskatchewan Telephone, if it is still then a Crown corporation, from investing in this corporation probably four years from now. Why are we prohibiting their investment while it is still a Crown corporation—or it is not a Crown corporation—but while the special shares still exist. It would seem to me this is a perfect opportunity to have stable investment funds from a prairie company, that well-managed, profitable company, to buy a stake, however modest, in our company that we are attempting and we say we are attempting to maintain as a Manitoba company. I would submit that SaskTel has a lot more interest in maintaining MTS as a Manitoba company than AT&T does. It sure as heck is a lot more interested in maintaining it than Unitel, Sprint,

Ma Bell in Ontario or the baby Bells of the United States, which are far larger than any MTS.

So why in the world have we such a blind ideology that says that as long as we got our nickel in there, in the debt, we are not going to let any other government put its nickel in there through a Crown corporation that says a sound and competent Crown as is SaskTel. I simply do not understand why we would lock out for four years that potential.

Now I do not know what we do in terms of the bells, Mr. Chairperson. We need to know what the vote is, I guess, but those are my comments on this and I just should tell the Chair, we intend to have a recorded vote on this issue and I would like to find out what the vote is before we go further.

Mr. Tweed: In the House they have decided that they will vote in 15 minutes. It is on Bill 17. Third reading of Bill 17.

An Honourable Member: Seventeen?

Mr. Tweed: Seventeen, yes. And they also advised me, Mr. Chairman, that they would send somebody here to notify us.

Mr. Chairperson: Thank you very much.

Mr. Sale: I am sure the committee understand that we are trying to keep a process going here and so you are saying in 15 minutes. Then I would like to, I do not know what the right word is, but I need to meet with my caucus prior to the vote, so I have no problem with spending a few more minutes here now, but I would like to do that probably in about, well, no more than 10 minutes if we are saying 15 minutes to the vote.

Mr. Chairperson: Agreed.

Mr. Sale: Okay, just to conclude, I would like the minister to respond or the minister's staff to respond as to what the thinking is here because it seems to me you have said this is a real bad thing to happen while we still have got a stake in it, but it is permissible when our stake disappears. I do not understand that.

Mr. Yaffe: I would like to respond not to the policy aspect of the question but rather to the technical, legal aspect of the question if I could.

Section 14 is repealed after the certificate of continuance has been issued under The Corporations Act, so although 14 will fall away, it does not do so until the certificate has been issued and that certificate is required to contain that restriction. So the restriction, the sequence will be redemption of special share, filing of articles of continuance which contain the restrictions contained in Section 14, and then the repeal of the sections, including Section 14, because Section 14's life will have been lived. The restrictions in 14 will already be in place in the articles of continuance at that moment.

Mr. Sale: Mr. Chairperson, I appreciate that explanation. I am kind of tempted to say, "Says who?" I am not meaning to be rude at all. The certificate that you are talking about that will have all these restrictions in it, under what authority is it required to have all of those restrictions in it? I do not understand that.

Mr. Yaffe: Under the authority of Section 14, an application will be made for a certificate of continuance under The Corporations Act. Section 14 provides that that application must contain, as a provision, all of the restrictions contained in Section 14(2).

Mr. Sale: I appreciate the explanation then. It is the reading of the words under 14(2) in the heading, "shall include provisions that are approved by the Lieutenant Governor in Council with respect to the following matters."

Could counsel clarify for me what kind of a mandate that is? When I am looking at something that says "include provisions that are approved with respect to the following matters," is that mandatory in the sense that the wording has to be as is in here? When somebody tells me to draft regulations in regard to something, I do not necessarily take it that that means that the regulations are necessarily anything other than in regard to it. They might, in fact, be in regard to it and change it. "In regard to" does not mean, to me, anyway, necessarily a mandatory obligation to word something exactly as it is in here. Maybe you could clarify that.

Mr. Yaffe: The intention of the words "as set out in" in the case of each of those clauses is that the provisions will be repeated verbatim in the articles of continuance. The reference to the approval by the Lieutenant-Governor-in-Council is intended as a safeguard, not as an escape mechanism.

Mr. Chairperson: We will recess now and come back right after the vote.

The Committee recessed at 5:05 p.m.

After Recess

The Committee resumed at 5:25 p.m.

Mr. Chairperson: Shall the committee come to order.

Mr. Findlay: Mr. Chairperson, I move—

Mr. Chairperson: Dispense.

THAT clauses 14(2)(c), (d) and (e) be struck out and the following substituted:

(c) the suspension of voting rights in circumstances where limits or restrictions set out in section 17, 18 or 18.1 are exceeded or violated;

(d) the refusal by the corporation to issue or register voting shares in circumstances where limits or restrictions set out in section 17, 18 or 18.1 are exceeded or violated;

(e) the purchase of voting shares from holders whose holdings exceed limits or violate restrictions set out in section 17, 18 or 18.1;

[French version]

Il est proposé de remplacer les alinéas 14(2)c), d) et e) par ce qui suit:

c) la suspension des droits de vote dans les cas où les limites ou les restrictions prévues aux articles 17, 18 ou 18.1 sont dépassées ou enfreintes;

d) le refus de la Société d'émettre ou d'enregistrer des actions avec droit de vote dans les cas où les limites ou les restrictions prévues aux articles 17, 18 ou 18.1 sont dépassées ou enfreintes;

e) le rachat d'actions avec droit de vote des titulaires qui détiennent un nombre d'actions qui dépasse ou enfreint les limites ou les restrictions prévues aux articles 17, 18 ou 18.1.

Mr. Chairperson: All those in favour of the amendment?

Mr. Sale: I am confused about where we were. I just do not recall, perhaps. I did not think we passed the amendment, in fact, I am reasonably sure we did not pass the amendment 14(2)(b)(1).

Mr. Chairperson: Yes, we did.

Mr. Sale: I was speaking against it. I certainly did not believe that I voted for it or agreed to its pass. We have not voted on 14(b)(1) as amended, is that correct?

Mr. Chairperson: 14(1), yes.

Mr. Sale: 14(1) yes, I agree, but 14(2)(b)(1), I do not believe we voted on.

Mr. Chairperson: We did vote on the amendment. You spoke right after we moved and passed the amendment. You spoke; you said you had some questions. We waited for Mr. Stefanson. That is why I asked that we deal with the other two amendments, and then we can speak to the item as amended. Then we can later on pass it, if you will, or reject it, if you will. That is up to the committee. But we did pass the first item.

Mr. Sale: So, for clarification, 14(2) will come back to be voted on as amended?

Mr. Chairperson: As amended, yes. That is right.

Mr. Sale: Okay.

Mr. Chairperson: That item will not pass until it has been voted on. We can have all the discussion we want on that item as per the amendment.

Mr. Sale: So you are wanting to deal with 14(2)(c), (d), and (e) at this point—

Mr. Chairperson: Yes, right.

Mr. Sale: —to amend those.

Mr. Chairperson: To amend 14(2). Then there would be another amendment, and I would like to deal with that. Then we can speak to Clause 14(2) as amended.

Mr. Sale: Okay. Fair enough, sorry.

Mr. Chairperson: At least, then, we do not have to get back into the discussion later on.

Amendment—pass.

Mr. Findlay: Mr. Chairman, I move

THAT clause 14(2)(g) be amended by striking out “being” and substituting “be”.

[French version]

Il est proposé d'amender l'alinéa 14(2)g) de la version anglaise par substitution, à “being”, de “be”.

Motion presented.

An Honourable Member: That is the wrong one. Here is the one.

An Honourable Member: Wipe that off the record.

Mr. Chairperson: It has been moved by the honourable minister—dispense.

THAT clause 14(2)(g) be amended by striking out “being” and substituting “be”.

[French version]

Il est proposé d'amender l'alinéa 14(2)g) de la version anglaise par substitution, à “being”, de “be”.

Mr. Chairperson: Amentment—pass.

Mr. Sale: We can ask it here, and then we will not have to ask it on 14(3). If the future is as Mr. Yaffe describes it, that at on continuance, on the extinction of a special share, there is a whole raft of articles that go in the certificate of continuance which essentially, I think he is saying, repeat everything that is being repealed, but in the article of continuance. For us lay folk, what is the point?

Point of Order

Mr. Laurendeau: On a point of order, Mr. Chair, I wonder if there might be leave that we do not see the clock at 5:30 for a little while, until we find out what is going on in the House.

Mr. Chairperson: Is that agreed?

Mr. Sale: Just for the record, I believe the agreement reached is until 6:30, at this time.

Mr. Chairperson: Can we just get the agreement?

Mr. Sale: So that we not see the clock until 6:30, I think is the agreement that is being announced in the House, more or less, as we speak.

Mr. Laurendeau: That is why I just said do not see the clock for now, until we find out what the agreement is.

Mr. Chairperson: Is there leave of the committee that we do not see the clock? [agreed]

Mr. Sale: Sorry, Mr. Chairperson, I do think it is important that it was not leave that we do not see the clock, it was leave that we do not see the clock until 6:30. I am not giving leave to not see the clock without limit.

Mr. Chairperson: Leave has been given that we not see the clock until 6:30. Granted.

* * *

* (1730)

Mr. Yaffe: The overall intent is that after the special share has been redeemed, the corporation, to the fullest extent possible, will be a Manitoba Corporations Act corporation. At that point, its articles, its constating documents will be the articles of continuance rather than

the act. The only exceptions to that are the few provisions that are considered to be most fundamental, which will continue to be legislated, and those are the provisions in Section 12 and 13(4).

Mr. Sale: Mr. Chairperson, I do not want to put Mr. Yaffe in a position of not serving his employer at this point, and I am not going to try to do that, but it does not seem to me to be possible to explain this without the obvious implication that the level of protection is diminished after this certificate of continuation is issued. Most corporations, I am sure, have the right to alter their articles. The certificate of continuation becomes essentially somewhat like the letters patent of a company, just that it may be a little longer than most letters patent might be in most cases. By resolution of the board of directors or by a resolution of the shareholders in an annual meeting, I believe it is lawful, possible, and probably happens quite frequently that provisions of articles of incorporation be changed. There are hundreds of them done when you look up the companies act on any company in a given year. It is not at all unusual to find something changed.

I cannot, for the life of me, see what in here would prevent the company from assembling lawfully and saying all those certificate of continuation provisions are interesting, and they are certainly historical, but we are going to repeal them all. We are going to do it now, thank you for the transition provisions, we have done our best but we are out of here. So, if Mr. Yaffe or Mr. Benson or anybody can tell me that that is not the case, then I will be a lot more assured than I am right now. My understanding of a certificate of continuation is that it is essentially a letters patent by another name, and that they can be repealed, changed, altered, amended. Can someone respond to that?

Mr. Yaffe: You are correct in your observation. The articles of continuance become the constating documents, and they can be amended by resolution of the shareholders at a special meeting called for that purpose.

Mr. Sale: Then we are really right back at the original issue, and that is if it is reasonable for a corporation to want to attract share capital or equity capital, and one of the potential investors is a very well-managed Crown corporation in another province, in fact, the adjacent

province where the notion of grids, interchanges and exchanges is not a bad idea, I think in most of our minds the Prairies are a region that strengthening the Prairies against AT&T is sure in my best interests. I have yet to meet a large multinational corporation that has my best interests at heart. They have their best interests at heart, and that is their duty to their shareholders. I do not dispute that. I do dispute those who would say that a foreign-owned multinational has my best interests at heart. That is just a tad naive.

So what is the argument, Mr. Chairperson, through you to the minister, for not allowing SaskTel to take even a modest position, if it should choose to do so, if it is a good investment, which the minister and his government are claiming it will be, why should we not want some significant equity participation from a neighbouring telephone company rather than from a foreign owned or even a Canadian-owned private sector company that is much, much, much bigger than Manitoba Tel or Saskatchewan Telephone? It just does not make any sense to me to lock us out of that, because we know that the \$750-million equity issue, or \$800 million—I guess it is closer to \$800 million that will be coming out, is far more than Manitobans will subscribe. It just is not credible to think that Manitobans are going to come up with that kind of money in a relatively short period of time. So what is the rationale for locking SaskTel out if they can come in after four years?

Mr. Findlay: I think, Mr. Chairman, it is fair to say there is some question about where SaskTel will be in a few years time, maybe even a shorter period of time; what decisions they might make. You had one presenter here who referred to that. Whether he is right or wrong, it is hard to say. So it was deemed appropriate at this time to do what we are doing. We are moving from a Crown to a publicly traded company, and feel we want the owners to be in the same category.

I know the member says, why did we not amalgamate with SaskTel or something like that? We are working hard to keep the head office here and a board of directors from Manitoba looking after the interests of Manitoba. I do not think that what we are doing here—now I could be wrong—prevents certain alliances of the future that might respect what he talks about in terms of prairie. We certainly have a major alliance right now, in terms of Stentor, that involves nine telephone companies. If there

are business reasons for the three prairie telcos to do some kind of process together, I do not think what we are doing here prevents that from happening, nor would having SaskTel as some kind of a part owner, change the ability to do that. It is just deemed at this time it would be inappropriate, given what SaskTel might do to have another Crown making an investment in this particular company.

Mr. Sale: What the minister appears to be saying is that it is more desirable to have a foreign-owned multinational invest in a Manitoba company than it is to have the telco of a neighbouring province invest in a Manitoba company. I do not understand the logic of that position, especially since when the certificate of continuance is issued, it will become possible for a neighbouring telco to invest to whatever extent they wish, if they wish to do so at all.

I should underline for the committee, I am not speaking on behalf of SaskTel here. I do not know if they have got the foggiest interest in investing in Manitoba Telephone. If I were them, I would have, but I have no inside information that they are interested in being an investor. I just do not understand this ideological preoccupation with saying it is better to have British telecom or AGT Telus or AT&T or Ma Bell or a baby Bell or goodness knows what else, Southern Telephone, come in here and take a minority interest, but it is not a good idea for a neighbouring province to be able to take a minority interest. It just does not make sense on any grounds other than the narrowest, most rigid ideological grounds that I can conceive of. It is meanness in that sense.

If a prairie company would like to invest, especially a related company, surely to goodness we would welcome that investment as evidence of some commitment to this company. When you look at a company from offshore being interested in investing, surely we do not think that they are doing that because they are deeply committed to the Manitoba economy. They are doing it because they can make a buck.

The Prairies have an interest, and they have always worked together at some level to try and secure their interests, often against the interests of the more economically dominant sectors of our society and our world. Why would the government rule out that happening in this case? It makes no sense.

Mr. Findlay: Probably on the basic question, we will have to agree to disagree. I think the member also would notice that we have taken out the provision of a strategic partner for up to 25 percent. That it is gone. In terms of what you referred to as some British telecom, or somebody else coming and taking a large stake, that we have removed for everybody, anybody. We have lowered the ceiling for any one ownership from 15 to 10, to get it broadly based, to promote the Manitoba concept of investing.

So when you say we will allow a stake from a large outside operator, the maximum is 10 percent and no strategic partner. We had the provision there, but over the course of time it seemed best not to have that there, so we have taken that out.

Mr. Sale: I think we may continue to disagree on this section. I think we should have a recorded vote and move along unless my colleague wishes to make any comments on this one.

Mr. Chairperson: Clause 14(2) as amended, shall it pass?

Mr. Sale: No.

Mr. Chairperson: No?

* (1740)

Voice Vote

Mr. Chairperson: All those in favour, say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, say yea.

An Honourable Member: Nay.

An Honourable Member: Nice try, though.

An Honourable Member: He almost did it, I watched him.

Mr. Chairperson: Okay, recorded vote. The joke for the day is over. All those opposed, say nay?

An Honourable Member: Nay.

Mr. Chairperson: I declare the Yeas have it.

Formal Vote

Mr. Sale: Recorded vote, Mr. Chairperson?

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 5, Nays 2.

Mr. Chairperson: I declare the item carried.

Mr. Sale: Mr. Chairperson, the Finance minister is back. Can we revert to 13?

Mr. Chairperson: Yes, you may, or did you want to vote on 14(3) as well, seeing here we have discussed, we might as well?

Mr. Sale: Sure, we might as well do that.

Mr. Chairperson: You have an amendment on 14(3). Mr. Minister?

Mr. Findlay: Mr. Chairman, I move—

Mr. Chairperson: Dispense.

THAT subsection 14(3) be amended by striking out "16, 17, 18, 19, 20, 21, 22, 23, 24, 25 and 26" and substituting "16(1), 16(2), 16(3), 17, 18, 18.1, 19, 20, 21, 22, 23, 24, 25, 26, 28(a), 28(b) and 28(b.1)".

[French version]

Il est proposé d'amender le paragraphe 14(3) par substitution, à "et les articles 14 et 16 à 26", de ", l'article 14, les paragraphes 16(1) à 16(3), les articles 17 à 26 et le alinéas 28a), b) et (b.1)".

Mr. Chairperson: Amendment—pass; 14(3) as amended—pass.

Now, we want to move back to 13(5).

Mr. Sale: Mr. Chairperson, when we were interrupted by the first bells ringing, the Finance minister was just providing us with information about the minimum length

of time. I think we had established that the longest running MTS debentures are 2,010 at this point approximately.

Could the minister just repeat his statements in regard to how that minimum period works and how debt could be paid down at that time, given the fact that some of those debentures are a long way out, and their current cost to government in terms of the funds it has borrowed on those debentures and the current value of them is different from their face amount obviously for all the reasons we all understand. How does this work?

Mr. Chairperson: Just for the committee's benefit, there might be a crowd walking in here. Just do not be alarmed.

Mr. Stefanson: Mr. Chairman, I am probably being repetitive, but I think the important point is to know on this, as we have already discussed, that the fastest the debt can be eliminated is four years. There are minimum payments every year. The member for Crescentwood (Mr. Sale) is correct that approximately—I believe the schedule is out to about 2,010 or thereabouts on the existing debt.

So if MTS were to want to buy out the debt even quicker, obviously that would be calculated. It would have to be a premium paid for that adjustment, and so on. I am not sure there would be a great deal of incentive to do that, but who knows? There might be. They would have to factor in the fact that these debts are tied to certain schedules, and those do transfer to MTS. They could not just simplistically refinance at a lower rate and leave us with the responsibility of the higher rate, I guess is the best way to describe it. They would have to pay a premium to get out of that higher rate debt.

Mr. Sale: That was one of my questions, as to whether there was any implicit subsidy, as there is in many loans that we make as a government at below market, and those kinds of things. I think the minister said no, there is no implicit subsidy by virtue of an ability to refinance.

In terms of the minimum payments, have the minimum payments been tied to the debenture schedule, or do the minimum payments contemplate the same fair market valuation of the debt that is being paid back? How is that being achieved?

Mr. Stefanson: Mr. Chairman, some of the details on the minimum schedule and the debt repayment schedule I believe will be provided at the time of the prospectus. I do not believe it is tied directly to the current debt schedule of MTS.

Mr. Sale: Do you want—I cannot do that. I cannot listen—two ears at the same time, I am impressed. Will the payments then in some cases act essentially as a sinking fund? Is that how it would be done?

Mr. Stefanson: Mr. Chairman, at the end of the day, I believe it will be a combination of all of that. Some of it might well end up in the sinking fund, obviously reducing our net debt but then tied to our repayment schedule. Some of it will go straight on to maturing debt; that is, coming due at that time. But there is going to be a minimum amount that they will pay, they being MTS, each and every year.

Mr. Sale: Can I ask through you, Mr. Chairperson, the minister, how is the appropriation between equity and debt being arrived at? Essentially, when dollars come in the door, they do not come in with a label on them, this is debt, this is equity. There is a determination which presumably has been embodied in the prospectus which says, this is debt, this is equity.

How did you arrive at the prorating of the total proceeds from the equity distribution into debt and equity?

Mr. Stefanson: I just want to be sure, Mr. Chairman, you are talking about the proceeds that will come on the sale as it will relate to the existing debt and the portion that is effectively part of revenue for the Consolidated Fund of the provincial government. That is what you are referring to?

Mr. Sale: I am not hearing the minister's words, sorry.

Mr. Stefanson: You are referring to the proceeds that will be received by the government and then the allocation between the debt that relates to that and the allocation that would be relating to equity? [interjection] That is why I asked that question, and Mr. Sale did say yes. Mr. Benson put a different interpretation on it. The conversion of the existing debt, some of it to equity, that calculation is done basically in terms of what is

happening out in the industry, but that is not what you were asking. That is not the question. I just want to be clear which it is you are asking.

* (1750)

What is happening right now, is some of the existing debt of MTS will be converted to equity. At the end of the day, the new MTS will end up with a certain blend of debt and equity. That is being tied basically, more or less, to the industry norms, what is happening out there with the majority of other telcos, that conversion. Then to the province, obviously we will receive our proceeds. There still is some remaining debt against that, and some is the net return to the Treasury of the Province of Manitoba, but that will be tied to the discussion we have already had about how we pay down our own existing debt, a combination of some of it going into a sinking fund. Depending how much of our current debt relates to MTS, we might actually pay off some of the current debt and then, of course, whatever schedules come due in terms of the existing debt of MTS.

I have sort of tried to explain both, I guess. I hope that makes it clear.

Mr. Sale: Thank you, the minister's explanation is very helpful.

What I am essentially getting to, and maybe I can just ask it directly now that I think I understand the rest of it, will the book value of the company as currently embodied in MTS's annual statement which shows a total depreciated value, not counting the pension funds because obviously they do not count in regard to the company's bottom line equity—I am not sure what that is called, but there is a term for it—will the book value of equity be recovered by the province; that is, the difference between the current debt and the current value of the company as carried on the books and reported in Volume 3 and other places? Is that the equity we will receive which will go into the stabilization fund, or is it some other figure?

Mr. Stefanson: As we all know, the final proceeds received by the province will be reflected on the final pricing of the issue, any costs against that issue, but, yes, we expect the equity to exceed the book equity of MTS today.

Mr. Sale: I am glad to hear that because I think the value of the company substantially exceeds the book equity. The book equity is a very low value in terms of what ought to be reflected here. I just reflect, Mr. Chairperson, we have invested some \$750 million in the last five years in this company alone, in terms of improvements, fibre optics and whatever. If you go back and add up the capital spending from statements over the last five years, let alone any of the debt retirement, which should be going straight to the bottom line in terms of equity improvement, the government has, and I have said this before, and I say it again, provided good stewardship for this company. The debt-equity ratio has improved.

On top of that debt-equity ratio, we have invested \$750 million of Manitoba ratepayers' money in this company in just five years. I was very distressed when I heard that the company might only fetch something in the order of \$800 million in proceeds, plus the assumption of some fraction of debt. What we are asking people to believe is that that last five years of investment is virtually the whole of the proceeds from a cash perspective from this company.

I think that everyone around this table knows that we have been investing in Manitoba telephone company's capital improvement programs for decades now. We started putting digital switching in 20 years ago. We completed the digital switching program not that long ago. We have very large real estate holdings, which are essentially being carried at zero on the books right now. They really do not have any value at all. When you start transferring major land holdings on Corydon Avenue, Portage Avenue, and in the heart of downtown Selkirk, these are not assets with little value.

Part of my opposition to privatization is that I think yet, once again, the hard-earned dollars of Manitoba ratepayers, not Manitoba taxpayers because the government has not subsidized this corporation, ratepayers have paid the freight all the way along. The hard-earned dollars of ratepayers are going to be sold at a depreciated value.

I do not believe that the depreciated value of this company is its true value at all. I would shudder to think what the replacement cost is of this company. Even the replacement cost, even the undepreciated book rather vastly understates the replacement cost of the company.

You could not build this company today for less than many billions of dollars.

It has troubled me ever since I started to study this company. The minister and others opposite know that the notion, for example, that the copper twisted pairs are worth zero, which was essentially the argument made in the sale of the cable company, that these assets had been depreciated to zero on the books of the company and they were not worth anything, is belied by the fact that we were earning \$3.8 million a year on them. One does not earn \$3.8 million a year on something that is valueless. That does not make any sense. When you have a return on equity, it is not unreasonable to say that return is at least in the order of 10 percent. I mean, the implied value of the return on equity is at \$37 million for the cable assets. That does not put anything in for strategic value. So I am glad to know the minister thinks he is going to get more for the company than the book equity, but I am really disturbed that we are thinking we are getting a fair deal by selling this company at the kind of price that we are selling it at.

Now, that is the conundrum of privatization. You can only sell it for what the market will bear. The judgment of government is the market will bear roughly \$800 million plus the debt that is going to be carried. I think that is undervaluing.

I think what is going to happen on issue, is that shares are going to rise between \$1 and \$2 very quickly, and the market will then have told the government that this company was in effect worth another \$140 million, and we will have given that money away. That is essentially a straight transfer to the holders of the shares. It is an absolutely straight implicit subsidy from the public sector to the private sector, because the company is worth more than it is carried for on the books. The market, given the way these shares are to be issued, I think cannot help but rise.

That is the conundrum of privatization: overprice the issue and it will not sell; if you do not give investors a quick flip, they will not buy. But the price of giving them a quick flip is that Manitobans provide a subsidy to the relatively small proportion, perhaps 10 percent of Manitobans, who will actually invest in this company. Now, I hope it is more, but it will not change the equation. There will still be a substantial, implicit

subsidy of between \$60 million and \$120 million. If it is as the case of Telus in Alberta, the share prices in Telus have doubled since issue. So effectively, over five years, or four and a half years, that company, not because it is better run, not because it is making a higher return on its equity than any other telco, simply because the real underlying assets of that company are more valuable than they were valued at the time of privatization.

So I understand what the minister is saying. He has given straight answers to the questions. I cannot dispute the answers, and we can pass this section, Mr. Chairperson, but I wish the backbenchers opposite would recognize that what we are doing in this process is shoving \$60 to \$120 million into Manitobans' pockets who buy these shares at the expense of all the rest of Manitobans who, as the government is never, ever tired of saying, own the debt.

So we will not pay down our debt to between \$60 and \$120 million because of this privatization. We will essentially write off a bunch more debt at everybody's cost to benefit the few who buy the shares.

Mr. Chairperson: Clause 13(5)—pass; Clause 13(6)—pass; Clause 13(7)—pass; Clause 13(8)—pass. We will now move back to 15(1). Shall Clause 15(1) pass?

Mr. Findlay: Mr. Chairman, I have an amendment. I move

THAT the definition "fund" in subsection 15(1) be amended, in the English version, by striking out "the Civil" and substituting "The Civil".

[French version]

Il est proposé d'amender la définition de "fund" au paragraphe 15(1) de la version anglaise par substitution, à "the Civil", de "The Civil".

Mr. Chairperson: Amendment—pass.

* (1800)

Mr. Findlay: Mr. Chairman, might I ask the members of the committee if we could just leave this Section 15 for the time being. There is still some major discussion

going on before we conclude here, and that we move over to the next section.

Mr. Sale: Mr. Chairperson, I am reluctant to give leave. I am reluctant for some, I think, pretty good reasons. We, too, have had discussions with employees, employee groups and unions over the last number of days, and let me be blunt and say that the only reason that there are discussions going on right now with the employees is because of this committee and because of the time line and because the government has got itself in a jackpot on this bill. It not only did not do its homework on time, it did not do its homework in a collaborative and co-operative way.

Now, the government may wish to say that it had expected that its officers and servants in the Manitoba Telephone System would do what they should have done which is to work out these very, very complex and difficult issues in the appropriate time and at the appropriate time, so that we would not be sitting in committee accepting yet more amendments on this section on the basis of very pressured meetings that have been taking place since noon today.

I think it is important to recognize for the record that there are only two reasons why these meetings are taking place. One is that the minister, finally the other day in committee, said that he had given instruction that this thing bloody well gets solved. I appreciate that and the employees appreciate that. The other reason that they are taking place is that the minister knows and we know that they have not been solved at least as of an hour ago.

Now, we are being asked to sit here and wait for more amendments at the end of a session on a bill on which the homework was not done—it has been jammed at the end of the session—on which there was ample time to do this work and on which there was ample time to have public hearings and do all the other things that would have made this procedurally reasonably smooth sailing, though we would have objected to the principle of the bill and fought the bill, but we would not be sitting in the kind of situation that we are sitting in at this time.

So I think that I will not give leave at this point. I will ask for a recess for five minutes to consult my caucus to see whether it is the will of our caucus that we get into

this section and see what there is to do in it or whether we do, in fact, give further leave to let this process continue.

The reason I do that is that I do not like processes that are jammed at the point where vital decisions involving 4,500 pensioners and current employees are concerned. I know that rural members and all of our members, at least, have been petitioned by pensioners of MTS to recognize the serious problems, and I think the minister has recognized the problems, but at least as of an hour ago they were not solved to anybody's satisfaction. In fact, there was some suggestion that some of the suggestions made it worse, not better. So I would like to ask committee for a short recess to consult my colleagues, but, otherwise then, we will get into 15 now.

Mr. Chairperson: There has been a request for a short recess. Is there leave? [agreed] Let us make it 10 minutes, till a quarter after the hour.

The committee recessed at 6:05 p.m.

After Recess

The committee resumed at 6:24 p.m.

Mr. Chairperson: Can the committee come back to order again. The hour being 6:30, would committee rise.

The committee recessed at 6:25 p.m.

After Recess

The committee resumed at 7:30 p.m.

Mr. Chairperson: Would the committee come to order, please. We will be dealing with 15(1) where we left off in which we had one amendment too that was passed. So I would call the question on the next amendment if there is one. If not, I will entertain Mr. Minister.

Mr. Sale: Could you just identify the actual section which we are now discussing?

Mr. Chairperson: We are now discussing 15(1), page 15 of the bill, Employee benefit definitions. We had passed an amendment to the bill that read: THAT the definition "fund" in subsection 15(1) be amended, in the English version, by striking out "the Civil" and substituting "The civil."

An Honourable Member: So we are on the next amendment.

Mr. Sale: We are on the next amendment.

Mr. Stefanson: Mr. Chairman, I think when we last broke, the minister had suggested that we go past this section to the next section and carry on and then return to this section. The member for Crescentwood said that he needed time to have a discussion with some of his colleagues. I think it would be the appropriate thing to do at this stage, if there is agreement, to go past this section. I think, as he indicated, discussions have been going on and off all day long and a meeting has just recently taken place, and I think we can find a solution that hopefully we can all be comfortable with within a matter of a very short period of time. I would hope that there would be a co-operation agreement to go beyond this section and carry on and then return to this section very shortly.

Mr. Sale: We will give leave to do that. We have all been operating in good faith today and we are all getting weary, so I hope the good faith will continue as our fatigue level increases.

I do need to though put on the record that we have met with the employee representatives and unions. We understand that an agreement has been reached. I do not know the substance of the agreement except in the very broadest of terms. I did not ask for details. I simply asked whether they were satisfied, and they appear to be satisfied. So I would offer our support for that and I think, though it may not have worked in a pretty fashion, the democratic process has worked to the advantage of the employees and the retirees, and I think some justice has been done which was in danger of not being done.

Now that having been said, we would like to see the memorandum on the table. We would like it read into the record because I do not expect and I do not think it is reasonable to expect that we will be able tonight to deal

with amendments to the extent that we might need to deal with them on this. I have four amendments on this Section 15, for example, which go to the concerns that the employees raised. I do not want to put those amendments because it does not make any sense if we are going to have a package. On the other hand, we cannot pass what we have. I think everybody understands that so let us get that memorandum in here as quickly as we can, get it read into the record and then see what is available to us in terms of procedures that we can use.

We would then move, Mr. Chairperson, I would understand, to Section 16(1).

Mr. Chairperson: That is correct. Leave has been granted to the committee that we set aside all of Section 15 and that we move to Section 16(1). I will ask the question whether Clause 16(1) shall pass—pass; Clause 16(2).

Mr. Sale: There is no problem with the clause per se. I do want to ask counsel and the minister why they believe that it was inappropriate or impossible to make the memorandum of offering, the prospectus in its final form, as a draft, available. Many times we have seen prospectuses which have the constant clause in them, if, as and when. I mean any prospectus I have ever read for shares always has if, as and when in it. It says shares will be issued if, as and when and one has a chance to review the prospectus and to see the disclosure and the details and for everybody to understand the exact basis on which this is being put forward.

It seems to me that this is an inordinately complex piece of business, and yet it has been done before. It is not maybe inordinately complex in our history in Manitoba, but it is not unheard of to do this. Our understanding is that the draft prospectus is ready to be filed with the Securities Commission, but unless there has been extensive negotiations with the commission, it would be unusual for them to issue it the same day it was filed, unless it has already been precleared and the Securities Commission is at least reputed to have said on the record that they have not received the prospectus; they have not had a filing.

* (1940)

Now, I know it is not unusual for organizations to be in negotiation, to clarify the ground and to find out what is acceptable and what is not acceptable. Where are the landmines going to be? What do we need to be careful about? What level of disclosure are we likely going to have to do? So that kind of negotiation goes on, but if the prospectus is at the point where it is in draft form to be submitted to the Securities Commission tomorrow morning, then it was certainly in sufficiently clear form that an offering memorandum, which does not require the detail of a final prospectus, could have been made available, or at least a green sheet could have been made available so that the public could understand what was being done.

I wonder if the minister can tell us why this kind of preoccupation with a linear process, which really means that we in the Legislature are being asked to pass something, the details of which we may learn about maybe by tomorrow and maybe not for several weeks, depending on when the commission clears the prospectus. The thing that I think everybody finds distasteful is that brokers are punishing their lists. I mean they are just pounding the pavement marketing this thing, signing up people for allotments of shares big and small on the basis of promises that they think this is going to be a really good deal. But when you ask them, are you working from a prospectus, they say no, we are just—I guess we have had some meetings among brokers and somebody has maybe put out a green sheet. I do not know; I have not seen one.

But I think everyone around this table knows that thousands of Manitobans have had calls saying, you have got to get this in your portfolio, it is going to be a good one. It seems to me you cannot have it both ways. Either there is information out there that is sufficient to market this thing in a responsible manner, or the brokerage firms are being very irresponsible. If the brokerage firms are being irresponsible, what the heck is going on with the lead group of the three big names, Gundy being the runner? What is going on with them that this kind of massive marketing is going on before the public can see the basis? So we are very upset about this. I think Manitobans should be very upset about it, that we read some sketchy details in a press article on the basis of somebody having shown somebody something and nobody knows what it is. I do not think that is the way to

do business, and I would appreciate some reaction to that.

Mr. Yaffe: You have raised several points, and they are all valid points. First of all, under securities regulation, it is inappropriate for any disclosure document, prospectus or a green sheet, a term sheet, to be distributed prior to filing. We have made every effort, obviously unsuccessfully—it came to our attention yesterday morning—to maintain absolute confidentiality with respect to the disclosure document, the prospectus, because that is what our obligation is under the law.

The document will be filed as a preliminary prospectus and a receipt will be issued for the preliminary prospectus. It is after that point typically that comments would be received from the Securities Commission and those comments would then be incorporated into the ultimate document, which is the final prospectus, and that is the document that would be signed before any shares are actually sold. A document had been precleared simply to ease the process but, again, the preclearing process was done on the basis of absolute confidentiality with the Securities Commission. So the short answer is that we were not in the position to distribute any sort of disclosure document.

Mr. Sale: First, Mr. Chairperson, I really appreciate Mr. Yaffe's forthrightness and direct answer. This is an embarrassment for the government and an embarrassment for us as part of the elected officials of government. Clearly, this should not have happened according to you. My view is a little bit different. My view is that you should have made public and available a great deal more information about your intentions and plans than you have done, and now you have the worst of all possible worlds. You have bad information out there or incomplete information out there, but you also have very little information out there, so we kind have got the worst of both worlds now.

Can the government indicate, Mr. Chairperson, what it is planning to do to remedy the problem that we have got at this point?

Mr. Yaffe: In terms of the regulatory process, I was on the phone personally with staff of the Securities Commission yesterday morning at 8:30, as soon as the commission opened, after I saw the front page of each of

the morning papers, and in terms of the regulatory process, I can assure you that I and the province and all parties involved are most unhappy about the lapse.

In terms of damage control, in terms of a sort of practical, pragmatic response, I would take the position that there is really not a lot of damage that has been done. Nothing is going to happen until all of the information is available to everyone. No selling can take place. No applications will be available to be filled out until everybody has access to the same information.

Mr. Sale: Mr. Chairperson, when does the 15-day period for—I am sorry, Mr. Benson is indicating puzzle. The question of the preference time for Manitobans, he indicated that approximately 15 days was what was contemplated at this point. When does that period take place?

Mr. Benson: That could take place after the Securities Commission issues the interim receipt. One really has no way of knowing how soon that receipt will be issued. You have to file a prospectus and then wait for the receipt to be issued, and you cannot do anything until there is a receipt. Is that not correct, Richard?

Mr. Yaffe: That is right.

Mr. Benson: So you are really in the hands of the commission.

Mr. Sale: Mr. Chairperson, I guess the answer is that once the prospectus has been passed on—I did not know the technical term, but a receipt is issued—then it becomes a public document available for a review wherever, and the 15-day period would begin at that point, or the 15-day period would be specified in the prospectus as a window from some point to some point or up to, let us say, December 15 or some such date that the shares will be available only to? Is that how that would work?

Mr. Yaffe: The document will specify an end date. I guess that answers your question.

* (1950)

Mr. Benson: Richard may have covered this before, but you had mentioned an offering memorandum, and that really is a different type of document than a prospectus.

Usually an offering memorandum is for a private placement as opposed to a public offering, so there is quite a distinction between the two. You mentioned that a few minutes ago; you mentioned an offering memorandum. This circumstance that we are in is not an offering memorandum-type transaction.

Mr. Sale: Mr. Benson has a lot more experience in this than I do. I just specifically remember that the request from the Jets LP prospectus was that the commission proceed by way of approving an interim memorandum of offering and that a final prospectus would be issued at a later date, and that investors who undertook to buy shares in the limited partnership offering would have 48 hours under The Securities Commission Act to review the final prospectus and to decide whether or not to then avail themselves of the subscription that they had signed up for. It seemed, at least in that case, the commission was persuaded that because of the complexity and disclosure requirements of the final prospectus and because of the time line involved that they would agree that marketing could be done on the basis of an initial memorandum of offering and be superseded at a later date by a final prospectus.

I wondered yesterday in the House and I am clarifying again here as to whether that is the route that is being followed because of this perceived time pressure. I think Mr. Benson's answer is no, we are going for a full prospectus with full disclosure, and that is what is being submitted to the commission very shortly, whether that is tomorrow or whenever, but very shortly. Is that the answer?

Mr. Benson: That is correct.

Mr. Sale: I want to go back to the concern that I have, and I do not want to raise blame or anything like that, but the government clearly wanted this bill passed very badly, very quickly. The tactics used to try and jam the committee were unacceptable, and ultimately democracy won out and they did not work. I hope that all honourable members will recognize that we have a better bill today as a result of that than we would have had if committee had been jammed on whatever evening that was that turned out to be the next day.

I think we are in a dilemma not of our making but a dilemma perhaps due to complexity, perhaps due to

whatever, but certainly due to the fact that government did not get its work done in time to facilitate what needed to be done and had not arrived at an equitable agreement with its employees or its pensioners that reflected the kind of justice that they are entitled to in the time frame that was available to it. So we suddenly see in this last week, in fact, I can tell you that it was a week ago today that I had the call from the person who administers my RRSP saying, can I put you down for shares? It is going to be a good one; you really should invest.

I did not get any information from him that I thought was terribly useful except a guess at what the offering price would be, but that does not really help you a whole lot if you do not know anything else. Subsequently, I have an indication of an initial dividend guarantee; I have an indication of subscription amounts, an initial subscription instalment of \$6 and a final payment of \$6. But who knows when? Six months from now, a year from now, three months from now. How in the world can you calculate a rate of return based on a 72 cent indicated first-year dividend when you do not know whether you are putting six bucks up for the year or nine bucks or \$12 or whatever it is?

So what are you going to do to call off these bloody brokers and say to them, this is not the selling of Moose Lake Mines, this is not penny stock we are peddling here, folks, this is a telephone company? What are you going to do to stop the hasty marketing of something for which people do not have information, because, Mr. Chairperson, you have said on the record—and I take it through you to the minister—that you want ordinary Manitobans to buy these shares? You want the shareholders of Ma Bell, who are always reputed to be the widows and orphans of the world—they are not, in fact—you want ordinary investors to sign up for shares, but you will not give the ordinary investors the information they need and yet your brokers are peddling this thing like it was bloody snake oil.

Now you have the power to call those folks off and to say to them, this is undue speed. We are not—unless there is some deal cooked here, Mr. Benson and Mr. Minister, if there is a deal cooked here to preclear this prospectus tomorrow morning and tomorrow afternoon, you can bet that the opposition will be bloody mad that we have been hoodwinked in this committee, and I trust that we have not been hoodwinked—going to jam a prospectus through

the Securities Commission so that brokers can start selling shares in earnest on Monday morning.

The press has said that; the press has leaked real details—and Mr. Yaffe knows—from a real prospectus, so there is a draft prospectus out there that is ready to go, ready to be submitted. If it has been precleared, then it could be cleared by Monday or Tuesday or Wednesday or whatever, but if it is as complex as it ought to be, then the Securities Commission ought not to clear it in two or three days or a week. They ought to take the same amount of time they take on any complex document, and on this one they ought to take more time because this is both big, complex and serious in terms of the government's credibility and Manitobans' rights.

So I say to you, tell us what you can do to call off this massive process until those ordinary investors you want to sell stuff to have the information they need to make a wise decision. Call off the process.

Mr. Findlay: I just want to use some of the same words that the member opposite has used. We are bloody upset that individuals have, I guess, taken the liberty to prejudge, jump the queue. But I can tell the member, the prospectus has not been filed, will not be filed until such time in the future as the bill has passed and it has legal effect to be able to do it. It is unacceptable what has happened. We are upset, disappointed. It was not to happen that way, but in terms of the technical aspect, I will ask Mr. Yaffe to comment.

I just want to concur that we are no less upset than the members opposite in terms of what some individuals have chosen to do by speculating, or whatever happened. I mean, he said, call them off. I guess, I do not know in a technical way how you do that. People have some freedom to do what they want, speculate what they want. They may be misleading some of their people they are talking to because they do not have the authority at this time, in my interpretation.

I will ask Mr. Yaffe to comment further on the technical aspect of it.

Mr. Yaffe: In terms of the procedure for filing prospectuses with the Securities Commission, I want to make sure that all of the members are clear on the process. A preliminary prospectus typically is filed and

a receipt typically is issued immediately and the review process occurs between the issuance of the receipt for the preliminary prospectus and, ultimately, the filing of the final prospectus. So there will not be a lag time between the filing of the preliminary and the issuance of the receipt, and that is typical in every prospectus filing.

Mr. Sale: Does Mr. Yaffe want to continue here?

* (2000)

Mr. Yaffe: I will just add one—In situations, in any situation, but certainly in situations where purchases are made on the basis of the disclosure in a preliminary prospectus as opposed to a final prospectus document, and even where the purchase is made on the basis of the disclosure in a final prospectus document, the purchaser is granted by securities laws a withdrawal period.

An Honourable Member: Forty-eight hours.

Mr. Yaffe: That is right.

Mr. Sale: So then, Mr. Chairperson, walk us through this. The bill is passed sometime in the next number of hours, whatever those are. When does the preliminary prospectus get filed?

Mr. Benson: Mr. Chairman, I guess the easiest answer to that is when all the revisions to the preliminary prospectus have been completed. In my view, anyway, there are still revisions in process, so until that is done it will not be filed. There are some issues that have yet to be completed, and they are not completed yet. We could not file it until those things are completed.

Mr. Sale: Mr. Chairperson, through you to Mr. Benson, then how do you account for the members of the team, the three brokers, indicating that they expect to have the prospectus in their hand in a matter of days, perhaps tomorrow, certainly by Monday? People who are reasonably knowledgeable are saying that shares will be on sale. You and I understand that we are talking about installments and we are talking about a delay, and that is why the if, as, and when issued is always in prospectuses, is because occasionally they do not get issued. That is not likely to happen in this case. If it is not ready to go, who is saying it is?

Mr. Benson: I guess there is a hope or an expectation that it may be ready very shortly, but there are outstanding issues that have yet to be resolved from our vantage point. This is all really a very iterative process, that it is not just a matter of writing several pages and saying that is it. It goes through revision after revision, and there are some outstanding matters that have not been resolved.

So the brokers can say whatever they want. They have been running around promoting this thing to everybody, and they do not have any paper to promote it with.

Mr. Sale: Mr. Chairperson, I think the government has some responsibility and authority in this matter. The government has retained this brokerage team. They are under contract. They are not just out there willy-nilly running around and banging on doors to try and sell something. They are your servants right now. They are your agents, and you have hired them to do this for you. You have the capacity to say to them, we are not ready yet. We want this done properly. We want it done so that no one thinks that they are buying something that maybe they do not quite understand. We want it done properly and we want you, as our contractors in this deal, to stop marketing these securities. Call off your salesmen.

Tell the brokerage community that you have to work with, and brokers who are lead runners in issues have power too, as Mr. Benson knows. They have the power of the purse to allocate, just as government has the power to allocate. They have power to allocate shares, and any firm that does not play ball with them will find its allocation shrunk very quickly. Mr. Benson knows that.

So you have some power here to sort this out. I do not think you can throw your hands up and say, oh, my goodness, what they are doing out there in the street, they are doing out there and we cannot stop them. They have the right to do whatever they do. We cannot stop them from doing this.

I do not think that that is a sufficient answer in this case.

Mr. Benson: We have had a very serious discussion with them subsequent to the events of yesterday—a very serious discussion with them. I expressed our concerns

just as you have expressed concern. We have talked to them in no uncertain terms on the issue. We are very displeased with what was happening. We spoke to them in the strongest of terms about our displeasure.

Mr. Sale: I think that is what they call a frank and full exchange.

I want it clearly known, as I think it is, that we are very unhappy with what looks suspiciously like a deliberate jamming tactic to add to all the other deliberate jamming tactics that have taken place in this regard. I take the minister's assurance that is not the case. I am glad to know that is not the case. An old friend of mine talked about the high incidence of coincidence, and when you are in a situation where there is a high incidence of coincidence, one needs to begin to question the level of coincidence. So I am sure that the minister knows that is the point we are at. I do take his word and I accept his word on this issue.

I think we could pass Section 16(2) and (3).

Mr. Chairperson: Clause 16(2)—pass.

Clause 16(3), I understand there is an amendment.

Mr. Findlay: I move

THAT subsection 16(3) be amended by:

(a) by adding “or” after clause (a); and

(b) striking out clauses (b), (c), (d) and (e) and substituting the following:

(b) a self-directed registered retirement savings plan or self-directed registered retirement income fund, the beneficiary or annuitant of which is an individual ordinarily resident in the province.

[French version]

Il est proposé d'amender le paragraphe 16(3) par substitution, aux alinéas b), c), d) et e), de ce qui suit:

b) d'un régime enregistré, d'épargne-retraite autogéré ou d'un fonds enregistré de revenu de retraite autogéré

dont le bénéficiaire ou le créancier est un particulier qui réside habituellement dans la province.

Motion presented.

Mr. Chairperson: Shall the amendment pass?

Mr. Sale: Mr. Chairperson, this may be one of those technical things that Mr. Yaffe can explain but why no RHOSP, why no other vehicles such as an education plan or an RHOSP plan? Why would they not also be entitled to be in this section?

Mr. Yaffe: The short answer is that there was an attempt to make this as simple as possible. After a lot of discussion, the decision was made to include under the Manitoba preference just individuals and RRSPs and RIFs which are the most basic form of buyers.

Mr. Sale: Mr. Chairperson, would the minister entertain an amendment which we could agree upon that would expand this to include RHOSPs, the reason being that this is relatively high-yielding vehicle particularly in its early stages. I do not understand what the technical difficulty is. RHOSPs are defined in an act and they are very straightforward. If I were saving for a home, this would be one of the kinds of stocks that I would like to have in that plan, especially if it is going to yield in the order of 6 percent. That is a pretty good yield for an RHOSP to have especially at the interest rates we have, so why could that not be accommodated?

Mr. Findlay: Maybe I will ask the member if he would just give us the amendment so we could have it checked out in terms of technical capability and then—

Mr. Sale: I do not have one. I am asking if you would undertake to—

Mr. Findlay: Can we then move by this section so we can have that checked out.

Mr. Sale: Yes, no problem.

Mr. Findlay: So we will come back to it.

Mr. Chairperson: What we are dealing with is the proposed amendment, and we will then set aside the

proposed amendment or should we pass—no, this is the amendment that you were speaking to.

Mr. Sale: I think this would be very easy. We will get back to this.

Mr. Chairperson: Okay, we will set aside the amendment, and we will then continue on with discussion of 17—oh, 16(4), okay. We will leave that, and we will move then to the next amendment which would be adding another clause, which would be 16(4).

Mr. Findlay: I move

THAT the following be added after subsection 16(3):

Deeming

16(4) For the purpose of qualifying the common shares issued to the Crown under clause 7(1)(b) as an authorized investment under clause 328(2)(1) of Part XXIV of The Corporations Act, the corporation is deemed to have satisfied the requirements of clause 328(2)(1) of The Corporations Act with respect to each of the five years immediately preceding an offering of common shares under this section.

[French version]

Il est proposé d'ajouter, après le paragraphe 16(3), ce qui suit:

Disposition déterminative

16(4) *Pour la qualification des actions ordinaires émises à la Couronne application de l'alinéa 7(1)b) à titre de placements autorisés en vertu de l'alinéa 328(2)1) de la partie XXIV de la Loi sur les corporations, la Société est réputée avoir satisfait aux exigences de cet alinéa en ce qui concerne chacune des cinq années précédant immédiatement une offre d'actions ordinaires en vertu du présent article.*

Motion presented.

* (2010)

Mr. Sale: Could we have a brief explanation of what this is?

Mr. Yaffe: In order for certain kinds of institutional purchasers to purchase shares, the shares being purchased

have to be shares of companies that have met certain earnings or dividends tests for a five-year period, trust companies, loan companies. The issuer in this offering, Manitoba Telephone System, has not had any shares issued. It is not a share capital corporation. So, by definition, it does not fall within what is commonly called a legal-for-life investment. In order to make the investment available to Manitoba trust companies and loan companies, we considered various ways of accomplishing this and the only real solution is by introducing a deeming provision such as this.

Mr. Chairperson: Amendment—pass.

Mr. Sale: Mr. Chairperson, does this include nonresident corporations, as well as individuals?

Mr. Yaffe: Yes.

Mr. Chairperson: Clause 17(1)—pass; Clause 17(2).

Mr. Findlay: Mr. Chairman, I move,

THAT subsection 17(2) be amended by striking out "coming into force of this Act" and substituting "coming into force of this section".

[French version]

Il est proposé d'amender le paragraphe 17(2) par substitution, à "de la présente loi", de "du présent article".

Mr. Chairperson: Amendment—pass; Clause 17(2) as amended—pass.

Mr. Sale: Mr. Chairperson, we indicated earlier that we were waiting for a memorandum. Can we have an indication where we are at on that?

Mr. Chairperson: Mr. Stefanson has just gone out to check. He will be back and report. Clause 17(3)—pass.

Mr. Findlay: Mr. Chairman, I move

THAT the section heading for subsection 17(4) be amended, in the English version, by striking out "of Canada".

[French version]

Il est proposé d'amender le titre du paragraphe 17(4) de la version anglaise par abrogation de "of Canada".

Mr. Chairperson: Amendment—pass; Clause 17(4) as amended—pass. Shall Clause 18(1) pass?

Mr. Findlay: Mr. Chairman, I move

THAT subsection 18(1) be amended by striking out "fifteen" and substituting "ten".

[French version]

Il est proposé d'amender le paragraphe 18(1) par substitution, à "15 %", de "10 %".

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 18(1), as amended—pass.

Mr. Sale: Sorry. We probably had this earlier and I have forgotten the meaning of it, but what does the phrase "other than by way of security only," is that the pledging of shares for purposes of a loan or a mortgage or whatever?

Mr. Chairperson: The answer is yes. Clause 18(1), as amended—pass; Clause 18(2)—pass; Clause 18(3)—pass. Clause 18(4).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 18(4) be amended, in the English version, by striking out "clause 3(b)" and substituting "clause (3)(b)".

[French version]

Il est proposé que le paragraphe 18(4) de la version anglaise soit amendé par substitution, à "clause 3(b)", de "clause (3)(b)".

Motion presented.

Mr. Chairperson: Amendment—pass; Clause 18(4), as amended—pass. Clause 18(5).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 18(5) be struck out.

[French version]

Il est proposé de supprimer le paragraphe 18(5).

Motion presented.

Mr. Chairperson: Shall the amendment pass? Shall the motion pass, actually?

An Honourable Member: I think we need leave.

Mr. Chairperson: Is there leave of the committee? We will call a time-out.

Mr. Sale: Which item are we on, Mr. Chairperson?

Mr. Chairperson: Item 18(5) and the amendment which simply says to strike it out. Shall the item pass?

Mr. Sale: Does the minister want to make any remarks other than the ones he made earlier on the reason for striking this?

Mr. Findlay: Mr. Chairman, all I can say is the same as I have said before. We believe it is inappropriate to have a strategic partner, therefore we are taking it out of the bill. That is all.

Mr. Sale: Mr. Chairperson, I think that is fine. I understand why it is being done and the decision. I am sort of surprised, but I am surprised by the—[interjection] Well, I do not know that it is positive, frankly. I mean if I put on the privatizers' hat, I am not sure that it is positive not to have a strategic partner when you are a small telco. I think it might, in fact, be positive, so I am not sure about whether it is good or bad if I put on your hats as privatizers.

I think we should just make sure the record is clear that what this does not at all prevent is the aggregating of shares on behalf of anyone who wishes to become a strategic partner, who buys the shares on the open market or makes an offering. It seems to me it is possible for a company to do that. Well, I am seeing shaking of heads, so maybe we could have an explanation of that?

Mr. Yaffe: I will just remind you of the individual ownership restriction of 10 percent, and if you take that ownership restriction together with the definition of associated persons that we enjoyed this morning and the concept of passive consent, that is not possible.

* (2020)

Mr. Sale: I will not hold us up on this, but, of course, it is possible when the certificate of continuance is issued because this section dies or goes into the certificate and could easily be repealed.

So I think we have to just always remind ourselves that when we think we are offering security down the road, we are not. We are offering a four-year time during which a variety of things may or may not happen, but at the end of the four years, all bets are off. The company will do whatever it will do and in some senses, as I said a moment ago, if I put your hats on, you would want that to be the case because otherwise you are going to depress the value of the company. It is this old problem of being partly pregnant. You cannot be partly pregnant; you are either private or you are public. The quango model does not work very well in Canada in this kind of an environment.

We can move on.

Mr. Chairperson: Amendment—pass. Clause 18(6).

Mr. Findlay: I move

THAT subsection 18(6) be struck out and the following substituted:

Individual ownership in affiliate

18(6) Subject to subsections (7) and (8), the total number of voting shares of an affiliate of the corporation existing at the time of coming into force of this section that may be beneficially owned

(a) by any one person; or

(b) by the members of any one group of associated persons;

other than by way of security only shall not exceed ten percent of the total number of issued and outstanding voting shares of that affiliate.

[French version]

Il est proposé d'amender le paragraphe 18(6):

a) par substitution, à "de la présente loi", de "du présent article";

b) par substitution, à "15%", de "10%".

Mr. Chairperson: Amendment-pass; item as amended-pass; Clause 18(7)-pass. Clause 18(8), we have an amendment.

Mr. Findlay: I move

THAT subsection 18(8) be struck out.

[French version]

Il est proposé de supprimer le paragraphe 18(8).

Mr. Chairperson: Amendment-pass; Clause 18(9)-pass; Clause 19.

Mr. Findlay: I move

THAT the following be added after section 18:

No government ownership of corporation

18.1(1) No voting shares of the corporation may be beneficially owned by any government or agency thereof, other than the Crown and its agents.

No government ownership of affiliate

18.1(2) No voting shares of any affiliate of the corporation may be beneficially owned by any government or agency thereof, other than the Crown and its agents.

[French version]

Il est proposé d'ajouter, après l'article 18, ce qui suit:

Interdiction de propriété-Société

18.1(1) Il est interdit aux gouvernements et à leurs organismes, exception faite de la Couronne et de ses mandataires, d'avoir la propriété véritable d'actions avec droit de vote de la Société.

Interdiction de propriété-groupe de la Société

18.1(2) Il est interdit aux gouvernements et à leurs organismes, exception faite de la Couronne et de ses mandataires, d'avoir la propriété véritable d'actions avec droit de vote de sociétés faisant partie du groupe de la Société.

Motion presented.

Mr. Sale: Mr. Chairperson, I will not make much comment here. We have already said very clearly that we disagree strongly with this. We will vote against this section. We do not understand why the government does not want SaskTel to be able to become a partner even at the level of 10 percent in this corporation should it wish to do so. We have made a case for that earlier this evening. I will not repeat my words. We do not agree with and do not think this is a reasonable section.

Mr. Chairperson: Shall the item pass?

An Honourable Member: No.

Voice Vote

Mr. Chairperson: All those in favour of the item passing, would you say yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, would you say nay.

Some Honourable Members: Nay.

Mr. Chairperson: I declare the item passed.

Formal Vote

Mr. Sale: Recorded vote, Mr. Chairperson.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 5, Nays 2.

Mr. Chairperson: I declare the item passed. Amendment-pass; Clause 19-pass; Clause 20(1).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 20(1) be struck out and the following substituted:

Notice of contravention

20(1) If voting shares are beneficially owned by a person or a group of associated persons in contravention of section 17, 18 or 18.1, the issuer may, by notice to the registered holder of those voting shares, require the voting shares in excess or violation of the limit or restriction in section 17, 18 or 18.1, as the case may be, to be disposed of within the period stated in the notice.

[French version]

Il est proposé de remplacer le paragraphe 20(1) par ce qui suit:

Avis de contravention

20(1) Si une personne ou un groupe de personnes liées a, en contravention avec les articles 17, 18 ou 18.1, la propriété véritable d'actions avec droit de vote, l'émetteur peut, par avis, ordonner au titulaire inscrit de ces actions de se départir du nombre d'actions qui dépasse ou enfreint les limites ou les restrictions, selon le cas, prévues aux articles susmentionnés, et ce, avant l'expiration du délai indiqué dans l'avis.

Mr. Chairperson: Amendment-pass; item as amended-pass; Clause 20(1) as amended-pass.

Manner of giving notice, 20(2)-pass; Clause 20(3).

Mr. Findlay: I move

THAT clause 20(3)(b) be amended by striking out "sections 17 or 18" and substituting "section 17, 18 or 18.1".

[French version]

Il est proposé d'amender l'alinéa 20(3)b) par substitution, à "17 ou 18", de "17, 18 ou 18.1".

Mr. Chairperson: Amendment-pass; item as amended-pass; Clause 20(4)-pass; Clause 20(5)-pass; Clause 20(6)-pass; Clause 20(7)-pass; Clause 21(1)-pass; Clause 21(2)-pass. Clause 21(3).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 21(3) be amended by striking out "Such information may include" and substituting "Such information may include, but shall not be limited to,".

[French version]

Il est proposé d'amender le paragraphe 21(3) par adjonction, après "comporter", de "notamment".

Mr. Chairperson: Amendment-pass; item as amended-pass; Clause 21(4).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 21(4) be amended by striking out "sections 17 and 18" and substituting "sections 17, 18 and 18.1".

[French version]

Il est proposé d'amender le paragraphe 21(4) par substitution, à "17 et 18", de "17, 18 et 18.1".

Mr. Chairperson: Amendment-pass; item as amended-pass; Clause 21(5).

Mr. Sale: Mr. Chairperson, I will wait until Mr. Yaffe is—Yasse or Yaffe, with a "y." I beg your pardon, I should know that by now.

I do not understand 21(5), and I would just like an explanation of it.

Mr. Chairperson: Mr. Yaffe, for clarification.

Mr. Yaffe: The declaration that is referred to throughout Section 21 can be required from the company. This is a declaration setting out information as set out in 21(3). In the event that the declaration is not completed and remitted as requested, a purchaser in the case of someone who is purchasing shares initially from the corporation or a transferee in the case of outstanding shares that are being transferred from a shareholder to another person will not be entitled to be registered as a shareholder, because it is that declaration that will allow the company to determine whether either the nonresident or the individual ownership restriction has been contravened.

Mr. Sale: I was wondering whether this was a new section having to do with the problem of fraudulent certificates or fraud stock or anything to do—this is to enable a determination of resident or nonresident status, to make sure that none of the other sections around combinations and affiliates, et cetera, got contravened.

* (2030)

Mr. Yaffe: This is the “teeth” associated with the contraventions, with the ownership restriction sections, and in the event of a contravention, there are two remedies: One is the remedy described in Section 20 which is the purchase of the contravening shares, and the other is the refusal to register the proposed purchaser or the proposed transferee on the books of the company as a shareholder.

Mr. Sale: Would that mean they would not be entitled to dividends and that sort of thing as well, or does that just mean that they cannot vote, they cannot exercise the power of their shares, what is it, practically speaking? You describe it as “teeth.” What does it actually mean?

Mr. Yaffe: The purchase of those shares would not take effect.

Mr. Sale: Would not go through.

Mr. Yaffe: That is right.

Mr. Sale: Okay. Thank you.

Mr. Chairperson: Clause 21(5)—pass; Clause 22.

Mr. Findlay: Mr. Chairman, I move

THAT section 22 be amended by striking out “sections 17, 18, 19 or 20” and substituting “section 17, 18, 18.1, 19 or 20”.

[French version]

Il est proposé d'amender l'article 22 par substitution, à “17, 18, 19 ou 20”, de “17, 18, 18.1, 19 ou 20”.

Mr. Chairperson: Shall the amendment pass?

Motion presented.

Mr. Sale: Reading this one, it simply puzzled me. It seemed to me to say that you can break all these rules but breaking them does not stop you from doing all sorts of things that you might want to do. It is kind of like saying failure to give notice does not render invalid the decisions of directors. It is a bit of a weasel section, and maybe Mr. Yaffe could undertake to explain it to us.

Mr. Yaffe: It is a bit of a weasel section, but the section is intended to make it clear that in the event that there has been a bona fide error, in the event that a shareholders' meeting has taken place and at that meeting was a shareholder holding shares that he or she ought not to have been holding or in the event that there was, by error, a transfer of shares to someone to whom shares ought not to have been transferred, you are not going to go back behind that because the consequences of trying to undo something that has been done can be horrendous.

Mr. Chairperson: Shall item 22—

Mr. Sale: Can I ask Mr. Yaffe, is this a common section of this kind of legislation? I mean it really suggests that we can have people holding shares in combination to which they are not entitled because of the 10 percent rule, for example, attending at meetings, voting and electing directors, and those actions are not invalid, so, what then does the rule mean?

Mr. Yaffe: That is the reason for Section 23, which is around the corner. Any shareholder who suspects that a contravention is occurring or is about to occur and that the requisite action to prevent it is not being taken can take action under Section 23.

Mr. Sale: Counsel has answered one of the questions that I was going to ask there which was how do you get an order, who can apply for an order, and you have said that any shareholder can apply for an order. That is not clear from the section, but maybe it is in The Corporations Act. It does not say in that section, I do not think, who can make an application to the court, so how that gets started was not clear to me.

Mr. Yaffe: Section 23 provides that a registered holder or a beneficial owner can initiate that process. So either the person in whose name the share is registered or, in the case of a share that is held by one person but beneficially owned by the other, the beneficial owner can initiate that

process. In answer to your other question, Mr. Sale, Section 22 is typical.

Mr. Chairperson: Amendment—pass; 22 as amended—pass; 23(1)—pass; 23(2)—pass.

Mr. Findlay: I move

THAT subsection 24(1) be amended by striking out "section 17 and 18" and substituting "sections 17, 18 and 18.1".

[French version]

Il est proposé d'amender le paragraphe 24(1) par substitution, à "17 et 18", de "17, 18 et 18.1".

Motion presented.

Mr. Chairperson: Amendment—pass; Section 24(1) as amended—pass. Clause 24(2).

Mr. Findlay: Mr. Chairman, I move

THAT clause 24(2)(a) be amended by striking out "sections 17 or 18" and substituting "section 17, 18 or 18.1".

[French version]

Il est proposé d'amender l'alinéa 24(2)a) par substitution, à "17 ou 18", de "17, 18 ou 18.1".

Mr. Chairperson: Amendment—pass; Clause 24(2) as amended—pass. Clause 25(1).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 25(1) be amended by striking out ", on application by an interested party,".

[French version]

Il est proposé d'amender le paragraphe 25(1) par suppression de ", à la demande de tout intéressé,".

Mr. Chairperson: Amendment—pass; Clause 25(1) as amended—pass. Clause 25(2).

Mr. Findlay: Mr. Chairman, I move

THAT subsection 25(2) be struck out and the following substituted:

Directors bound

25(2) The board of directors of the issuer is bound by a determination made under subsection (1) unless a fact material in making the determination was not disclosed or there is a subsequent material change of circumstances.

[French version]

Il est proposé de remplacer le paragraphe 25(2) par ce qui suit:

Conséquence pour le conseil

25(2) Le conseil d'administration de l'émetteur est lié par les déterminations faites en vertu du paragraphe (1), à moins qu'un élément important n'ait pas été révélé ou que ne survienne un changement important par la suite.

Motion presented.

Mr. Sale: Is there any significance to this wording change, and if there is, please tell me. All I could see was grammar.

Mr. Yaffe: The removal of the concept of an applicant under 25(1) necessitated the change in 25(2) which referred to the applicant.

Mr. Sale: The rest of the wording is moved around a bit, too, and I just wondered about that, but that is fine.

Mr. Chairperson: Amendment—pass; Clause 25(2) as amended—pass; Clause 26—pass. [interjection]

Mr. Sale: Mr. Chairperson, I am afraid that I think this is a vote on something. Maybe the House leader can tell us. [interjection]

Mr. Chairperson: Clause 26—pass.

Mr. Sale: I think that we should pass 27(1), (2) and (3), and then I think we need to stop. We need to be in caucus.

Mr. Chairperson: Clause 27(1)–pass; Clause 27(2)–pass; Clause 27(3).

* (2040)

Mr. Findlay: Mr. Chairman, I move

THAT subsection 27(3) be struck out and the following substituted:

Unregistered easements

27(3) Where the predecessor corporations or any of their affiliates have constructed or installed or have agreed or commenced to construct or install telecommunications lines, wires, cables, equipment or other facilities over, across, upon or under land, whether pursuant to a right-of-way agreement, easement agreement, statutory right or a right otherwise created, the corporation or its affiliates shall have the continuing right, notwithstanding any change in ownership of the land, to maintain, inspect, repair, remove, replace or add to the telecommunications lines, wires, cables, equipment or other facilities over, across, upon or under the land, and where such construction or installation was made pursuant to a right-of-way agreement or easement agreement that has not been registered against the title to the land, the corporation or its affiliates shall have the right but shall not be obligated to register the right-of-way agreement or easement agreement or a caveat in respect thereof as determined by the corporation or its affiliates.

[French version]

Il est proposé de remplacer le paragraphe 27(3) par ce qui suit:

Droits de passage non enregistrés

27(3) *Lorsqu'une personne moral remplacée ou une société de son groupe a construit ou installé des lignes de télécommunication, des câbles, des pièces d'équipement ou autres installations au-dessus ou en-dessous d'un bien-fonds ou sur celui-ci, la Société ou les sociétés de son groupe ont toujours le droit, malgré tout changement dans le titre de propriété du bien-fonds, de les entretenir, de les vérifier, de les réparer, de les enlever, de les remplacer ou de leur ajouter de l'équipement. Si les constructions ou les installations en question ont été faites au titre d'une entente de droit de passage ou d'une entente de servitude qui n'a pas été*

enregistrée à l'égard du titre du bien-fonds, la Société ou les sociétés de son groupe ont le droit d'enregistrer, comme bon leur semble, l'entente en question ou une notification d'opposition à son égard.

Motion presented.

Mr. Chairperson: Amendment–pass; item as amended–pass; Clause 28.

Mr. Sale: You have a small amendment there, Mr. Chairperson.

Mr. Findlay: Mr. Chairman, I move

THAT section 28 be amended by adding the following after clause (b):

(b.1) authorizing any terms and conditions pursuant to which voting shares will be offered to employees of the corporation and of any affiliate of the corporation;

[French version]

Il est proposé d'ajouter, après l'alinéa 28b), ce qui suit:

b.1) autoriser les modalités applicables à l'offre d'actions avec droit de vote aux employés de la Société et des sociétés faisant partie de son groupe;

Motion presented.

Mr. Chairperson: Amendment–pass; Clause 28 as amended–pass.

We will recess, and we will come back right after the vote. Is that agreed? [agreed]

The committee recessed at 8:42 p.m.

After Recess

The committee resumed at 9:07 p.m.

Mr. Chairperson: Can we come back to where we left off. We were on Clause 29, the consequential amendments act. Clause 29, shall the item pass?

Mr. Sale: I do not know whether Mr. Yaffe is available to us at this point, or if he is tied up in other things. I hate to see a corporate lawyer tied up because it could only be in red tape if he were.

In general, consequential amendments are simply tidying other acts that need to be amended for consequences obviously of what we are doing here. I am quite prepared to trust Mr. Yaffe on this one. I have not had the time. I have only one area in which I have a serious question, and that is in Section 34. If Mr. Yaffe could just on a clause-by-clause approach, tell us the consequences and the issue at stake here until we get to, well, it is 34 that is the real issue here.

Mr. Chairperson: Might I suggest that I will identify the clauses. We will ask Mr. Yaffe to comment, and we will pass after the comment, if it is agreed that we can pass. That way we will walk through it. Clause 29.

Mr. Yaffe: Ms. Strutt is quickly going to retrieve copies of all of the statutes referred to in these sections.

Mr. Sale: Let me make a suggestion from a process point of view. Let us go to, if we could, Section 34, because that is the substantive one that I have a concern about. Let us leave all the others. It is not that I, in any sense, distrust the need for these. I do not want people to have to scurry all over the House looking for them. That is not my point.

Mr. Chairperson: Let me suggest then to the committee, Mr. Sale, that we deal with the clauses, and when we come to 34, we will deal with your concern. Is that applicable?

Mr. Sale: No, I was suggesting we go to 34 and leave counsel to just sort through, if they can explain the reason for them without having to go all over the place. If they have a few minutes to do so, I am sure they will remember why they had to do this, when they have a few minutes to think about it, and when we go home tonight we will try and remember why we had to do this after we have had a few minutes to think about it.

Mr. Chairperson: Is there leave then to go to 34? [agreed]

Mr. Yaffe: Mr. Chairman, I cannot give you a specific answer as to the effect of 34. I can give you a general answer regarding the effect of 34 and the effect of most of the consequential amendments. Under various statutes there were preferences conferred upon the Manitoba Telephone System, and with the exception of one of those preferences, I think, the effect of the consequential amendments is to remove reference to the company so that the preferences disappear.

* (2110)

Mr. Sale: Mr. Chairperson, the section I wanted to discuss was—I think it is 34. It certainly, at least, has to do with assessment. Members of the committee will remember probably that there was a great deal of concern when the gas company had a change in its assessment. It jumped up and down, went to court and attempted to get the assessment changed.

Now for many rural communities the telephone properties are not insubstantial properties, and the rights of way and other things that have to do with the phone company may well be an important source of assessment for local communities; I think of some of the bigger communities in the North and in Brandon, Portage, and Selkirk. I presume the intention is that the property becomes taxable, and what I would like to know is the basis on which that property is taxable? How is it rated? What class is it rated in? Are there holidays, deferrals or any other things? I think for rural communities this is an important issue. It is a very important issue for the city of Winnipeg because, within the city of Winnipeg, MTS is the owner of some very valuable real estate, at least fairly valuable real estate, substantial buildings, an even more substantial plant and equipment where a good deal of municipal revenue can be at stake here. So I want to be very clear about this section.

Mr. Yaffe: I have just been handed a copy of Section 22 of The Municipal Assessment Act. Section 22(1) as it now reads exempts several entities, including the Manitoba Telephone System, from taxation levied by a municipality other than for local improvements. The reference to Manitoba Telephone System as an exempt entity in that section will now be removed.

Mr. Sale: Mr. Chairperson, I understood that. My question was, on what basis will this property be rated?

There are many classifications in The Assessment Act. Pipelines are rated one way; railways are rated another. There are various categories of assessment. What category of assessment is being applied here? If there is only one category, what is it? How does this municipal assessment get dealt with? I think of our rural members, particularly in communities where there are substantial holdings, they might well want to be able to tell their town councils the basis for this. That is the answer I am seeking is what is the category and is it appealable? Are we into another Centra Gas hassle here, which is a hassle?

Mr. Chairperson, I appreciate the minister and staff is trying to get wording for an amendment to Section 16(3)(b) to allow investment in other vehicles than RSPs and RRIFs. Committee members and counsel have correctly pointed out that RHOSPs, which, I guess, dates me, do not exist any more so I apologize to the committee for suggesting that. That is where my head was at, and I apologize.

* (2120)

However, members of the community have also raised the fact that Crocus Fund is an important vehicle for many Manitoba investors, and they have an RRSP-like fund. I wonder if counsel could word the amendment that is for 16(3)(b) to use words such as and other like retirement planning vehicles or other like because obviously they have to be registered vehicles. There are some technical reasons why the Crocus Fund operates these, and chiefly as they have to do with stockbrokers have difficulty with the Crocus Fund because it does not have daily listings and daily evaluations yet, so it has set up its own vehicle for holding people who wish to invest in things other than Crocus or as well as Crocus, but it is a registered retirement savings vehicle. I do not know if it would be possible, but if it is not possible to do it through counsel, I would like to move an amendment to test the committee's will on that issue.

Mr. Findlay: Mr. Chairman, I do not believe what the member is referring to is self directed, which is the operative word here, has to be self directed. We should confirm that—

Mr. Chairperson: I wonder, Mr. Sale and committee members, whether we need to put some of this discussion

on the record. It becomes rather confusing, I think, for Hansard. Maybe if we need some points clarified, we can do this. This is an exploratory discussion, so I am not sure whether we need to record all of it. So I am going to switch my mike off, unless it is the will of the committee to record everything. If you want to have a general discussion based on some procedural or information type things that do not need to be recorded, then I would suggest that we switch off our mikes, call a short recess, have that discussion, and then come back to a recorded meeting. Are we agreed to that? Let us have a short recess then and have this discussion—if you will allow me to call the committee back when we are ready.

Mr. Sale: Mr. Chairperson, I do not want to waste any more time in terms of process. Are we waiting for an answer on the assessment question still?

Mr. Chairperson: Yes, I understand.

Mr. Yaffe: The advice I receive, and as far I am aware it is the correct advice, is that it simply would be up to the municipality to determine the assessment, and then in the ordinary course, the company would have the ability to appeal the assessment to a board of revision, or ultimately, to the municipal board.

Mr. Sale: Mr. Chairperson, I believe that assessment is done by the provincial assessor. It is not done by municipalities outside of Winnipeg. Winnipeg is the only area that runs its own assessment system. My question was, the categories under which the property of MTS would fall, the Chairperson, who has some experience here, indicated that it would be the same category as pipelines for the rights-of-way and cable, overhead and underground, and standard commercial class for the rest of the assets. If that is correct, then that answers my question. I think we can, though, look forward to some problems here, because unless this company realizes the potential tax burden, we are talking about municipal taxes on arguably at least \$1.2 billion in assets, and potentially more. That is a large tax revenue item for all of our areas.

(Mr. Vice-Chairperson in the Chair)

Mr. Jack Penner (Emerson): Mr. Chairman, simply for information sake, I think I am somewhat familiar in my past life in this building. As Minister of Municipal

Affairs, we did the assessment act. The assessment act is a rather simple vehicle now, and it is market value. One of the niceties about this transfer of ownership will be the establishment of the actual market value of the assets of the corporation. From an assessor's point of view, and the assessment department's point of view, I would think that they will look at the total value of the assets marketed, and deem that to be the marketable value of the corporation, and therefore, that will simplify the procedure for assessments on most of the facilities. You can divide up the assets then, based on a value. I think we can draw some comfort that in this case, there will be an actual value established by which to assess parts of, or all of the corporation.

Mr. Sale: I do not want to prolong this section. I think I have learned most of what I need to learn, that the land will be taxable. My concern was whether the province was being pushed to create new classes of property, or whether there was any tax forgiveness or taxable postponement expectations in here by virtue of any of these consequential amendments.

I think I have most of my answers. With respect, Mr. Penner, I agree that in aggregate, there will be a market value established, sort of declared to be. That does not help much, because it is the value of each parcel for 200 different municipal corporations in the province that is going to be the hassle. I would just suggest, if I were in government shoes I would have a bit of a task force on this one, having sat on the committee that moved us to market value assessment.

As a member of that committee when I worked for the Department of Education, I know the difficulties of this one.

(Mr. Chairperson, in the Chair)

I am glad to know that the land and the easements, not the easements, but the rights-of-way that the company owns as opposed to leases, will be taxed, that there is no contemplation of any tax forgiveness or tax holiday here, and that there are no new classes of assessment being created, so basically it is going to be property coming on the market for assessment purposes, and we will see where it goes.

Mr. Yaffe: In the interests of full disclosure, my understanding is that one of the consequential

amendments, and I believe it is Section 35 under The Planning Act, is one amendment that will continue to confer a benefit on the company. My understanding is that relates to doing away with the necessity of a plan of subdivision in the case of acquisitions of small parcels of property in rural areas which are typically the kinds of acquisitions made by the company.

Mr. Sale: Mr. Chairperson, that would seem to me to be a pretty minor benefit plan of subdivision to have some legal costs attached to it, but does it change the property value? I suppose it could if—I do not see that as major but I am not that experienced in this area. I do not know. Mr. Minister, do you see this as an issue?

Mr. Findlay: As has been discussed here in terms of The Municipal Assessment Act being able to accommodate because the classes are there, I do not see it as a big problem, although there is a lot of paper work to be done to put value on all these different assets. I think you are right. It is going to take a fair bit of human resource time to get everything done, but I think the vehicle—my general understanding, having been around when The Municipal Act amendments happened—I think the vehicle is there to do it.

Mr. Yaffe: My understanding is that the benefit conferred is one of time primarily, not one of cost.

Mr. Sale: In the interests of moving along, can we move back to 29 and move through these consequential amendments?

Mr. Chairperson: Item 29—pass; item 30.

* (2130)

Mr. Sale: I did not mean to go through them like lightning. I meant to find out whether Mr. Yaffe has now had enough time and counsel has had enough time to say, are there any issues here that we should be aware of? If he has not, then I will go in good faith, but if he has anything he can share with us, I would like you not to rush quite so fast.

Mr. Yaffe: I can tell you at this point that on Section 29, the Manitoba Telephone System was specifically listed under The Builders' Liens Act, and the effect of this

amendment would be to remove it and it appears in the definition of Crown agency. So it is a logical deletion.

Mr. Chairperson: Shall Clause 30 pass?

Mr. Sale: Is there anything Mr. Yaffe has to say about Clause 30? It sounds to me like it was just a changing of listings as well. It simply is taking it out of the Crown corporations act. It is nothing more than that.

Floor Comment: Most of the items respecting MTS have been taken out of that act already because of the CRTC regulation, but this just removes the remaining requirements like the annual performance of the board around the province, and that sort of thing.

Mr. Chairperson: Clause 30—pass. Clause 31(1).

Mr. Sale: I do not understand this section.

Mr. Yaffe: I do not have an answer yet on The Highway Traffic Act.

An Honourable Member: Let us go past it then. Go to 32, Mr. Chairperson.

Mr. Chairperson: Clause 32.

Mr. Sale: I assume that this is the power of eminent domain that the Crown has that is being amended here. I am just assuming that, but I do not know it.

Mr. Yaffe: Sir, I can give an answer now, Mr. Sale, with respect to Clause 31. Under The Highway Traffic Act currently there is an exception in respect of vehicles owned by the Manitoba Telephone System relating to the number of lights or lamps that can be on the vehicles. That special category will disappear.

Mr. Chairperson: Shall the item pass?

Mr. Yaffe: I am sorry, I erred. In the case of The Highway Traffic Act, rather, it is not disappearing, the reference is changing from The Manitoba Telephone System to MTS Netcom Inc., which is the subsidiary of the Manitoba Telephone System that will include the vehicles.

Mr. Chairperson: Clause 31(1)—pass; Clause 31(2)—pass; Clause 31(3)—pass. Clause 32.

Mr. Sale: I had a question here. Mr. Chairperson, is the right of eminent domain that the Crown has that we are dealing with here?

Mr. Yaffe: On Section 32, the reference to the Manitoba Telephone System in The Land Acquisition Act is as a utility upon which we think there are special benefits conferred, and that reference will disappear. In 32 the reference is struck out.

Mr. Chairperson: Clause 32—pass. Clause 33.

Mr. Findlay: Mr. Chairman, I move

THAT section 33 be struck out and the following substituted:

Consequential amendment, C.C.S.M. c. M225
33 Clause 213(3)(b) of The Municipal Act is amended

(a) by striking out “The Manitoba Telephone System,”; and

(b) by striking out “, The Manitoba Telephone Act”.

[French version]

Il est proposé de remplacer l'article 33 par ce qui suit:

Modification du c.M225 de la C.P.L.M.

33 L'alinéa 213(3)b) de la Loi sur les municipalités est modifié:

a) par suppression de “, la Société de téléphone du Manitoba”;

b) par suppression de “, de la Loi sur le téléphone au Manitoba”.

Motion presented.

Mr. Chairperson: Amendment—pass; item as amended—pass; Clause 34—pass; Clause 35—pass; Clause 36(1)—pass; Clause 36(2)—pass; Clause 36(3)—pass. Clause 37. An amendment.

Mr. Findlay: Mr. Chairman, I move

THAT section 37 be amended by striking out "coming into force of this Act" and substituting "coming into force of this section".

[French version]

Il est proposé d'amender l'article 37 par substitution, à "de la présente loi", de "du présent article".

Mr. Chairperson: Amendment—pass; item as amended—pass. Clause 38.

Mr. Findlay: Mr. Chairman, I move

THAT section 38 be struck out and the following substituted:

Coming into force

38(1) Subject to subsections (2) and (3), this Act comes into force on a day fixed by proclamation.

Coming into force: subsection 5(1.1)

38(2) Subsection 5(1.1) is retroactive and is deemed to have come into force on January 1, 1996.

Coming into force: certain provisions

38(3) Sections 7, 16 and 28 come into force on the day this Act receives royal assent.

[French version]

Il est proposé de remplacer l'article 38 par ce qui suit:

Entrée en vigueur

38(1) *Sous réserve des paragraphes (2) et (3), la présente loi entre en vigueur à la date fixée par proclamation.*

Entrée en vigueur du paragraphe 5(1.1)

38(2) *Le paragraphe 5(1.1) est réputé être entré en vigueur le 1 janvier 1996.*

Entrée en vigueur de certaines dispositions

38(3) *Les articles 7, 16 et 28 entrent en vigueur à la date de sanction de la présente loi.*

THAT the following be added after subsection 15(2):

Independent actuary to review plan

15(2.1) As soon as possible after this Act receives royal assent, the Provincial Auditor shall appoint an independent actuary to review the plan proposed by the corporation for the purposes of clause (2)(a) to determine whether the benefits under the proposed plan are equivalent in value as required by that clause.

Concerns of independent actuary to be addressed

15(2.2) The corporation shall take any steps necessary to resolve any concerns raised by the independent actuary in a report prepared for the purposes of subsection (2.1).

[French version]

Il est proposé d'ajouter, après le paragraphe 15(2), ce qui suit:

Révision du régime par un actuaire indépendant

15(2.1) *Le vérificateur provincial nommé, le plus tôt possible après la sanction de la présente loi, un actuaire indépendant chargé d'examiner le régime proposé par la Société pour l'application de l'alinéa 2a) afin d'établir si les prestations visées par le régime proposé par la Société pour l'application de l'alinéa 2a) afin d'établir si les prestations visées par le régime proposé sont équivalentes, comme l'exige l'alinéa en question.*

Questions soulevées par l'actuaire

15(2.2) *La Société prend les mesures nécessaires afin de régler les questions que soulève l'actuaire indépendant dans un rapport préparé pour l'application du paragraphe (2.1).*

Motion presented.

Mr. Chairperson: Shall the amendment pass?

Mr. Sale: Sorry, Mr. Chairperson. This is not the motion that was in the package of amendments from the other day. This is a new motion, and I think maybe Mr. Yaffe has some clarification for us here.

Mr. Yaffe: The amendment that you have just received differs from the amendment in your packages in one respect, and that is there is now reference in the new amendment to a new section, 15(2.1) and (2.2). We have not yet looked at Section 15, and these are proposed

amendments which we will be discussing I hope shortly. In the event that those amendments are passed, the intent would be that those sections would come into force on royal assent.

* (2140)

Mr. Sale: I need guidance from the clerk, I think, on this. We have not passed (2.1) and (2.2). That does not exist yet, and we are passing a section. I do not know whether we can do that. I am certainly not comfortable to pass a section that has the references, even though I know that they would have no effect if we did not pass the amendments. So I need some guidance from the clerk.

Mr. Chairperson: My advice is, from the clerk, that we should hold off on this amendment until we deal with Section 15.

Mr. Sale: The hour is getting later and later and later. We were assured that we would have a memorandum, not a question of just a few minutes ago, but quite a long time ago.

Mr. Chairperson: Could I, Mr. Sale, just interject for a wee minute. Could I ask for a two-or three-minute recess so that Mr. Benson could have a discussion with you.

Mr. Sale: Mr. Chairperson, I also have a couple of amendments that follow Section 38, Section 39 proposed. These are important amendments which we would like to be able to put on the record and have debated. My concern is we are running up to another vote I believe in the House very shortly on a couple of acts which I am not prepared to not be present for. So I need some guidance as to process. I would like to get on to these amendments that we feel very strongly about.

Mr. Laurendeau: Mr. Chairman, I think if we recess for just two or three minutes, just so Mr. Sale can have an opportunity to just have a short discussion with Mr. Benson, and if the vote does occur, the House can always bring us back to committee. If it is there, yes. It is an option, but I mean we are running on a very tight schedule right now, and I think we have had a committee, and I think we have had a committee that has run very well. I have been to more committees than I care to count, and the opposition critic has been very well

learned on the subject. I have to give him credit on that. I think we have been going through this in a very well-mannered way. We have been getting along. I cannot see why this cannot continue. So if we could just recess for two or three minutes.

Mr. Chairperson: Is that agreed?

Some Honourable Members: Agreed.

The committee recessed at 9:50 p.m.

After Recess

The committee resumed at 9:55 p.m.

Mr. Chairperson: Back to order.

Mr. Sale: Mr. Chairperson, I do not want to take over your job here, but I think we could now deal with Section 16. I am given information that the way the Crocus RRSP holding operates, it is not allowed to hold anything other than Crocus shares itself or cash or cash equivalents which would be GICs, Treasury bills, et cetera. So I am informed that the staff spoke with James Umlah, who is a senior officer of Crocus, and he indicated that this would not be possible. So I think we are ready to deal with 16(3)(b), the amendment that we have been holding, and I very much appreciate the work staff has done to clarify that.

Mr. Chairperson: Clause 16(3)(b). We had an amendment proposed. Amendment-pass; Clause 16(3) as amended-pass.

Mr. Sale: Mr. Chairperson, Mr. Benson kindly shared with me the text of the agreement. I would suggest for purposes of clarity and to, in some sense, record the tremendously hard work that has been done by everybody today on all sides and at all levels, that this agreement should be read into the record. I think Mr. Benson would probably be willing to do so if we asked him, if the committee asked him by leave to do so. My proposal would be that as soon as that is done that we deal with our proposed amendments, which are a new Section 39, and that then we revert back to Section 15. That would be my proposal.

Mr. Chairperson: I would like to indicate to members of the committee that we also have Section 5(6) to deal with as well, that there was an addition to that section that was discussed before or set aside. We should not forget that section as well.

Mr. Findlay: Mr. Chairman, before Mr. Benson reads the agreement into the record, I want to take this opportunity to thank most wholeheartedly all the people who are involved today to bring this to a conclusion, many of whom are sitting in the room today representing unions and the pensioners who worked so hard to bring this together.

I know Mr. Bill Fraser, president, was involved. The Minister of Finance (Mr. Stefanson), the Minister of Energy and Mines (Mr. Praznik) need to be really heartily congratulated for in the eleventh hour and fifty-ninth minute to bring this to a conclusion which I am sure fulfills everybody's hopes for a better agreement than maybe existed when the negotiations started. So I want to personally thank them. It has been a difficult process, but I am really pleased to now see that we have an agreement that has been signed and is now to be read into the record.

Mr. Benson: This memo is dated November 7, 1996, to Maggie Hadfield, Bill Fraser, Bill Hales, David Nyhof and Harry Restal from Bill Fraser, president and CEO.

The subject is pension issues.

1. The pension committee will be comprised of eight representatives plus a chairperson as follows: One representative from each of IBEW, CEP and TEAM, which representatives must be active employees of MTS or its subsidiaries, and one retiree representative and four employer representatives. The chairperson of the pension committee will be an independent third party who is highly qualified with broad experience in investment and pension management, to be appointed by MTS.

2. Four actuaries who will represent MTS, IBEW, TEAM and the retirees. CEP and the Civil Service Superannuation Board will review the process for the transfer of assets from the Civil Service Superannuation Fund, CSSF, and the assumptions related to the transfer of assets. The initial actuarial valuation of the new MTS pension plan as prepared by Buck Consultant Ltd. will be

reviewed by the pension committee and if not agreed will be referred to the actuary appointed by the Provincial Auditor.

3. MTS will provide a minimum cost-of-living adjustment of two-thirds of CPI with a maximum CPI of 4 percent; however, if the cost-of-living adjustment account in a particular year is able to fund a higher increase, then a higher increase would be given for that year. Any initial surplus from the CSSF would be allocated to the new pension plan trust fund to fund future cost-of-living adjustments. In subsequent years the financial position of the COLA account will be reviewed by the plan's actuary. If sufficient additional assets exist in the account beyond those required for the stated COLA increase for a particular year, then pension benefits may be increased provided that the liability for the pension plan in total does not increase due to the change in benefits.

4. The draft pension plan text will be available on November 11, 1996, and employees/retiree representatives will have until 5 p.m. November 25, 1996, to submit any requests for amendments before the plan is submitted for registration.

5. In the event of any dispute in relation to the matters described in paragraphs two and three above, an actuary appointed by the Provincial Auditor, as proposed by the act, Bill 67, will resolve any dispute. The document is signed by Bill Fraser, president and CEO of MTS and then approved as to form and content by Maggie Hadfield on behalf of CEP, Bill Hales on behalf of TEAM, Harry Restal on behalf of the retirees, and David Nyhof on behalf of IBEW. It is further signed by the Honourable Eric Stefanson, Minister of Finance, and the Honourable Darren Praznik, deputy House leader.

Mr. Chairperson: Thank you very much, Mr. Benson. I ask now for guidance from the committee. We have 5(6) to deal with.

Mr. Sale: I suggest that we do this, Mr. Chairperson. I had forgotten about 5(6), but I would suggest that we deal with it. I think that is a very quick item and then we go to our proposed amendment, Section 39 and then go back to 15.

* (2200)

Mr. Chairperson: I think, Mr. Sale, we need to deal with one other one in order to accommodate the—

An Honourable Member: 38.

Mr. Chairperson: —38 and deal with your amendments in accordance with 38. Your amendments deal with 38, right, or are they in addition to?

Mr. Sale: Mr. Chairperson, Leg Counsel has drafted them as a new section. We discussed whether it should be 38(1) or a new section. They drafted them as a new section but, yes, they do affect the coming into force, but we cannot deal with the coming into force because we have not dealt with 15 and I think that could be not a brief debate, 15, because it is a complex section. There are new amendments to be laid before the committee, and I will be requesting some clarification about the process for those amendments. So I would come back to my recommendation that we pass 5, the sections of 5 we have not dealt with. I do not mind if the committee wishes to treat my amendment as 38(1), we can do that, or we can do it as a new Section 39. I do not think that really matters.

Mr. Chairperson: Thank you very much, Mr. Sale. We will deal then with 5(6).

Mr. Findlay: Mr. Chairman, I move

THAT the following be added after subsection 5(5):

Mines and minerals reserved

5(6) Notwithstanding the definition of "land" in subsection 1(1) and notwithstanding any other provision of this section, mines and minerals in, upon or under land referred to in this section are reserved to the Crown in the same manner as set out in section 4 of The Crown Lands Act.

[French version]

Il est proposé d'ajouter, après le paragraphe 5(5), ce qui suit:

Réserves relatives aux mines et minéraux

5(6) Malgré la définition de "biens-fonds" dans le paragraphe 1(1) et toute autre disposition du présent article, les mines et les minéraux qui se trouvent dans

les biens-fonds visés par le présent article sont réservés à la Couronne de la même manière que celle prévue à l'article 4 de la Loi sur les terres domaniales.

Motion presented.

Mr. Chairperson: Amendment—pass.

Mr. Sale: I do not hear an answer to the question I raised. I just hear exactly the same amendment as we stopped considering in order to ask the question of do we really need to have all the other stuff in there and is it wise, all the things about water and all those other pieces that are in the definition of "land." I thought the whole purpose of holding that up was to make that inquiry.

Mr. Yaffe: I did make the inquiry of the company's internal legal counsel, and I am told that the wide definition is necessary. At the very least the definition in The Real Property Act is necessary, although preference would be to leave the definition as it stands which as I mentioned earlier is a compilation of the definition from The Real Property Act and topped up, if you will, by the definition from the existing telephone act. But I am told that the definition works in respect of the property that is owned by the Crown for the telephone company.

Mr. Chairperson: Amendment—pass. Now we will then go, by agreement, to Section 15?

Some Honourable Members: No.

Mr. Chairperson: No? Do you want to do the amendments first?

Mr. Sale: Sorry, I thought we had agreement we were moving our Section 39, the amendments that we want to propose in here and then we would go back to 15. The Finance minister has asked for a brief recess and I would be happy to do that if the committee would so agree.

Mr. Chairperson: Agreed? [agreed]

The committee recessed at 10:05 p.m.

After Recess

The committee resumed at 10:12 p.m.

Mr. Chairperson: Could the committee come back to order.

Mr. Sale: Mr. Chairperson, I would like to move, seconded by Mr. Ashton,

THAT the following be added after section 38:

Proclamation only after public hearings

39 Despite section 38, this Act shall not be proclaimed until after full and public hearings have been held in at least 10 locations in the province, at least nine of which shall be outside the city of Winnipeg.

[French version]

Il est proposé après la tenue d'audiences publiques

Proclamation après la tenue d'audiences publiques
39 Malgré l'article 38, la présente loi n'est proclamée qu'après la tenue d'audiences publiques complètes dans au moins 10 endroits de la province. Au moins 9 de ces audiences doivent avoir lieu à l'extérieur de la Ville de Winnipeg.

Motion presented.

Mr. Sale: Mr. Chairperson, this act—I think we have heard from the public, and we certainly have a complete understanding at the committee and Legislature level—is a dramatic departure from the way in which telephone services have been provided in the past. The government believes it will be for the good. Many other people who have studied this issue do not share that view. People most at risk of sharp rate increases and diminished service are those outside the highest traffic areas for telephone communications, and we have made many, many protestations to government saying that there is no reasonable reason why this committee could not have travelled in June, July, August, September.

We have said there is no reason that we can think of why better and more full and frank information could not have been provided to members of the Manitoba public about the proposed benefits and the possible risks associated with privatization. There just cannot be any defence, in my view, for refusing to take the information to the public and to allow the public to have the kind of

say that 200 or so had in this room, but they had it under the most difficult of circumstances.

We heard time after time from people sitting here night after night into the wee small hours of the morning, in spite of the committee's good process and generous functioning, nevertheless, it is not easy for members of the public to simply take as much time as was required. I think some indication of the depth of the feeling of those who presented could be seen in the fact that many of them came night after night and day after day and waited and waited their turn and, in spite of that, some did not get heard. I would say that I was quite appalled that the committee read through the list at three in the morning on last—whatever day it was, Mr. Chairperson. This is Thursday; it must have been Tuesday.

There was no need to do that. A committee meeting had been scheduled for the morning. The numbers of those who wanted to present were not great. They were not large, but this whole thing came about because government, instead of doing its homework and being open with Manitobans, chose to go in a controlled and pressured way right down to the wire, to the point where critical issues of pension are being dealt with by a Memorandum of Agreement at 10:15 in the evening of the House's adjournment which is only continued by leave for hours at a time.

This is not the way to do this kind of thing, Mr. Chairperson. Now, there are other members of the committee who may well want to speak to this, but, you know, nothing would be lost, absolutely nothing would be lost, by travelling with an appropriate committee and better information to rural locations in Manitoba to let people see the evidence that the Premier (Mr. Filmon) claims he has to justify and support the reasons for privatization.

It is an incredible fact that the only data on the record about privatization comes from the New Democratic Party, having hired an expert in Toronto to review the potential implications for rates due solely to privatization. That consultant pointed out some other issues, as well, which I think the public was glad to learn about. Not one piece—not one piece—of rational data has been provided by government to justify this sale.

So in moving this, I appeal to government, I appeal to the members opposite to be honest with their consciences and with themselves and recognize that they know just as well as we know that there is a very large level of anxiety out there, and the anxiety has in our view good foundation. The anxiety will not go away tomorrow morning when this act may be passed. What would you lose by travelling in the next while, while a prospectus is being dealt with and while all the complex issues of privatization are being dealt with, before proclamation, so that proclamation was delayed by the time it took.

It is also a fortuitous time. We are at the end of the session. We have time to do this now in a reasonable way. I know other members of our committee would like to address this, and I will close my remarks by saying to members again, what do you have to lose by letting the public hear the evidence on which you have made this very, very important decision? What could we possibly lose by letting the sun shine on this undertaking?

Mr. Chairperson: Thank you, Mr. Sale.

* (2220)

Mr. Ashton: I want to say from the outset that I still hope that this bill is defeated in the final vote, third reading. As they say, it ain't over till it's over. But if the two government members that it would require to vote against this bill are not there, if the government members do not listen to the public or listen to the arguments we have been putting forward, obviously the next question is, what happens next?

I want to remind members of the committee that not a single meeting has been held on this issue anywhere in the province. The only public meeting that has taken place essentially was the public hearings in this committee, and if there has been one frustration I have had, it has been the fact that it has been a debate conducted by one side, one party, one group of people. The New Democratic Party, others who oppose the sale, we have been putting out information, written columns in newspapers, issued press releases. We have spoken. I do not think I need to remind members of this committee, certainly we have spoken and then some. You know, at some time I really thought, I really hoped, short of defeating the bill, that there might be some real discussion and debate. I really believe when you are

dealing with something as important as this, the people of Manitoba should have that information.

The member for Crescentwood (Mr. Sale) is quite correct. We prepared a report and released it. I would love to see what reports the government has, if any. I realize there are not any studies within MTS, but did the people want that? I have heard a lot of people who want more information. You know, there are a large number of Manitobans who are against the sale, but then again I think the ironic part in this case is—and there was a recent survey out—if you just talk to the average person, most people are against the sale. Do you know what comes in second, Mr. Chairperson, those who do not know or are undecided? Those who support the sale are a distant third.

Now, you may be asking, well, is this not all academic? But do you know what, there are bills that have passed through the Legislature that have not been proclaimed. There are many bills that passed through the Legislature and have not been proclaimed. I still, in my optimism here, feel that if there were hearings held, even after the bill was passed, there might be some chance of the government reconsidering its action.

We did not have to move this motion, but I thought about it when we were considering this, and who knows, maybe there needs to be some saving of face here. I mean that often happens when you have strong views on either side. I realize it would be a major loss of face for the government to withdraw Bill 67. We would like you to do it. I am not giving up on that either, but if you do pass it, at least this would ensure there was one more chance for public input.

Whether you refuse to proclaim the bill or not, there would be something else I think would happen, too, and I really mean what I say. This is one decision that if you pass it and push it through, it will not be accepted as legitimate by a lot of Manitobans. I am not just talking about the New Democratic Party or the Liberal Party or any opposition party. I mean, I think that is an obvious fact, but when you have that many Manitobans opposed to the sale, and in a real sense, there is absolutely no information available to support the government's argument, I think it tells you something, and, for example, I do not usually quote editorials in the newspaper but there is one in today.

Apart from its rather interesting description of myself—I have now been, thanks to the member for Rupertsland (Mr. Robinson), dubbed with the Cree version which I think may be appropriate in some ways, but what was interesting was one paragraph, and this is coming from someone who knows the legislative process, saying that it is a one-sided debate.

This would ensure this did not happen. I say to the government—I assume that you probably will not support this amendment, but I do say respectfully that if you do not and you do not go to the people, there will never be an acceptance of this as being a truly legitimate decision. It will not be supported by the people of Manitoba.

I think it will not be accepted either, because what you have to deal with here is even though you know that the majority of Manitobans do not support the sale of MTS, there is not supporting it at one level and there is not accepting it, and I think you run the risk without this kind of process, in that one final opportunity of not proclaiming the bill, you run the real risk of having a large number of Manitobans saying that they do not accept the sale.

So that is why we are moving this, to give you one more way out, one more face-saver.

Mr. Chairperson: Thank you very much, Mr. Ashton, for your remarks. We have an amendment before us.

On a point of order, Mr. Laurendeau.

Point of Order

Mr. Laurendeau: Mr. Chairperson, I understand very well what the opposition is trying to do, and we have been co-operating very well throughout the entire process.

Mr. Chairman, I would ask you to look very carefully at the motion. This would put extra funds on the Consolidated Funds because it is not an expenditure that this government does at this time because of the public hearing process that we have in place today.

So this would actually add a cost, so this motion would be out of order, Mr. Chairperson. I would ask you to get some advice.

Mr. Ashton: On the same point of order, the fact of having full public hearings I do not think predicates any major expenditure, if any expenditure, in 10 locations throughout the province. MLAs all have travel budgets, so there is not a travel cost attached to it. I will tell you what, if the member is concerned about the cost, I will pay for it. I will pay for the meetings. We will find the money.

If you want an amendment to that effect, we will do it. If you want to vote against it, that is fine. I do not want to belabour this on the point of order, but I would rather have a vote on the intent of this than use some sort of—other items, I can understand, if you are dealing with a \$1-million or \$2-million expenditure.

If you were to agree to the principle—I seem to recall you holding hearings throughout the province, Mr. Chairperson. You found a way to find the money. It did not come out of the budget of the Legislature. What I would suggest is maybe we will strike up a committee with you and myself, and we will find the money. I just would suggest that if you are in favour of it, vote for it, and we can find the money. If you are not in favour of it, let us just vote against it.

Mr. Chairperson: Mr. Sale, on the same point of order.

Mr. Sale: I do not want the committee to deteriorate. I find the point of order offensive, Mr. Chairperson. The member is trivializing a very serious issue.

Every time this government, Legislature, does anything, Mr. Chairperson, there is the implicit expenditure of funds. I do not believe that it is out of scope at all to move that public hearings be held. Any remedy, any action of government, has implicit in it the expenditure of government resources. If this motion were out of scope, then virtually every motion that might be made would be out of scope, because they would all imply the explicit expenditure of funds. Whether they are funds over and above somebody's budget or not, that is an issue. Whether they are new taxation, spending of actual revenues and dollars, that is an issue.

I appeal to the Chairperson to not sustain the point of order on the basis that to do so would essentially make any motion that required government to do things out of scope.

Mr. Chairperson: Mr. Sale, could I just interrupt. I am going to ask the two members sitting, one beside you and one on the opposite side of the table, to please refrain from discussion while Mr. Sale is speaking. We have had absolute decorum around the table, and I have appreciated it greatly. I would ask that we continue that decorum.

* (2230)

Mr. Sale: Mr. Chairperson, I would ask the member, with all respect, to withdraw his point of order.

Mr. Chairperson: The honourable member does have a point of order. However, let me explain. Beauchesne, page 207, Section 698, Clause (7) reads: "An amendment is out of order if it imposes a charge upon the Public Treasury"

It does not identify a dollar amount, and it is very clear, it imposes a charge. However, I will ask leave of the committee to deal with this item by a vote. Is that agreed? [agreed]

Voice Vote

Mr. Chairperson: All those in favour of the motion, would you say yea?

Some Honourable Members: Yea.

Mr. Chairperson: All opposed to the motion, would you say nay?

Some Honourable Members: Nay.

Mr. Chairperson: I declare the Nays have it.

Formal Vote

Mr. Ashton: I request a recorded vote.

Mr. Chairperson: There has been a request for a recorded vote.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 3, Nays 6.

Mr. Chairperson: I declare the amendment lost.

Members of the committee, do you want to deal with Section 15 till we are—

An Honourable Member: No, we have got another amendment of ours that we have agreed to go to before Section 15.

Mr. Chairperson: Do you want to deal with your other amendment first?

An Honourable Member: No, it is not a short amendment.

Mr. Chairperson: We will then recess, and we will return as soon as the vote is over.

The committee recessed at 10:32 p.m.

After Recess

The committee resumed at 11:04 p.m.

Mr. Chairperson: Could the committee come back to order.

Mr. Sale: Mr. Chairperson, I have a motion which is a new 39 after Section 38. I move, seconded by the honourable member for Dauphin (Mr. Struthers),

THAT the following be added after section 38:

Proclamation only after referendum

39(1) Despite section 38, this Act shall not be proclaimed unless the government first puts the question of the advisability of implementing this Act to the voters of Manitoba in a referendum, and a majority of the persons who vote in the referendum vote in favour of proceeding with the implementation of this Act.

Now, I need guidance, do I move all three pieces?

Mr. Chairperson: I would accept that.

Mr. Sale: And

Procedures for referendum

39(2) A referendum under this section may be held in conjunction with a general election under The Elections

Act, and the provisions of The Elections Act apply, with necessary modifications, to a referendum.

Regulations regarding process

39(3) The Lieutenant Governor in Council may make any regulations that the Lieutenant Governor in Council considers necessary respecting the referendum process to give effect to this section.

[French version]

Il est proposé d'ajouter, après l'article 38, ce qui suit:

Proclamation après la tenue d'un référendum

39(1) Malgré l'article 38, la présente loi n'est proclamée que si le gouvernement soumet au préalable aux électeurs de Manitoba, par voie de référendum, la question de l'opportunité de la mise en application de la présente loi et qu'une majorité des personnes, au cours de ce référendum, vote en faveur de sa mise en application.

Processus référendaire

39(2) Le référendums visés au présent article peuvent être tenus en même temps que sont tenues les élections générales en vertu de la Loi électorale dont les dispositions s'appliquent, avec les adaptations nécessaires, aux référendums.

Règlements—processus référendaire

39(3) Le Lieutenant-gouverneur en conseil peut, par règlement, rendre les mesures nécessaires relativement au processus référendaire afin qu'il soit donné plein effet au présent article.

Mr. Chairperson: I would suggest to the committee that the same rule applies that I indicated before, Rule 698, Beauchesne, item 7: "An amendment is out of order if it imposes a charge upon the Public Treasury"

Therefore, I would have to rule this amendment out of order at this time.

Point of Order

Mr. Sale: Mr. Chairperson, with great respect, I challenge your ruling. I do so for the reason that I stated before, and that is, if your ruling is correct, then virtually any motion that requires staff of the government to

undertake work, to do anything, in fact, would be out of order on the part of any motion that would be moved by the opposition. It seems to me that it is absolutely—[interjection] I am already on a point of order.

Mr. Chairperson: Order, please. Mr. Sale is speaking on a point of order. Mr. Stefanson, I will recognize you right after Mr. Sale on the same point of order.

Mr. Sale: Mr. Chairperson, the honourable Minister of Northern Affairs (Mr. Praznik) appears to be suggesting that I should listen, and I always take his suggestions to heart. I say—

Mr. Laurendeau: We never listen to him.

Mr. Sale: Well, you should. I say that with sincerity. The honourable member has saved more than one committee from wrecking itself on the rocks during this session and has provided some excellent brokering and wisdom in regard to the pension plan discussions tonight. I would only wish that the committee might also recognize that it is not by accident that the parties were brought together for those negotiations and that that accident was not something that the government caused. It was something that members of the opposition caused by refusing to give leave to do something which was clearly undemocratic, and, in the result, the pressure which was brought to bear got a good outcome for everybody involved.

The honourable minister who suggested I should listen to Mr. Stefanson was a part of that, as was Mr. Stefanson. I would be glad to yield to the honourable Minister of Finance, Mr. Chairperson.

Mr. Stefanson: All I was going to suggest is we did give leave on a previous motion that in many respects was similar, and to canvass the committee and see if there was leave again to do the same thing with this motion.

Mr. Chairperson: Is it the will of the committee to give leave to bring this item to a vote? [agreed]

THAT the following be added after section 38:

Proclamation only after referendum

39(1) Despite section 38, this Act shall not be proclaimed unless the government first puts the

question of the advisability of implementing this Act to the voters of Manitoba in a referendum, and a majority of the persons who vote in the referendum vote in favour of proceeding with the implementation of this Act.

Procedures for referendum

39(2) *A referendum under this section may be held in conjunction with a general election under The Elections Act, and the provisions of The Elections Act apply, with necessary modifications, to a referendum.*

Regulations regarding process

39(3) *The Lieutenant Governor in Council may make any regulations that the Lieutenant Governor in Council considers necessary respecting the referendum process to give effect to this section.*

[French version]

Il est proposé d'ajouter, après l'article 38, ce qui suit:

Proclamation après la tenue d'un référendum

39(1) *Malgré l'article 38, la présente loi n'est proclamée que si le gouvernement soumet au préalable aux électeurs de Manitoba, par voie de référendum, la question de l'opportunité de la mise en application de la présente loi et qu'une majorité des personnes, au cours de ce référendum, vote en faveur de sa mise en application.*

Process référendaire

39(2) *Le référendums visés au présent article peuvent être tenus en même temps que sont tenues les élections générales en vertu de la Loi électorale dont les dispositions s'appliquent, avec les adaptations nécessaires, aux référendums.*

Règlements—processus référendaire

39(3) *Le Lieutenant-gouverneur en conseil peut, par règlement, rendre les mesures nécessaires relativement au processus référendaire afin qu'il soit donné plein effet au présent article.*

Mr. Sale: I think that the reasons for this motion are perfectly obvious, so I want to speak primarily not to the reasons, although I will dwell on some. I want to speak primarily to the public trust.

Mr. Chairperson, there can be no doubt that in the process of the privatization of Manitoba Telephone System, the proposed privatization, that many in the public feel that their trust has been broken. We have had a number of instances cited from I think it was the Glenlawn but it might have been Glen-something else Community Club meeting at which the Premier (Mr. Filmon) spoke, indicating that he had no plans to privatize MTS, to the number of times before on CJOB during the election, after the election, and as late, as the honourable member for Thompson (Mr. Ashton) has indicated, as September 26 when this honourable Minister responsible for MTS (Mr. Findlay) denied that there was a plan to privatize MTS.

* (2310)

I do not think that anybody now believes that that was the case. I think that it is plain that something of this magnitude has been in the works for some time, and I think that the public trust has been violated by the denials followed all too quickly by the acceptance that indeed brokers had been hired, and we have had the issue of brokers being hired likened to hiring the foxes to decide whether or not to have a raid on the chicken coop. It is not a bad analogy.

So, Mr. Chairperson, what we have got going in the province as a dynamic is a mistrust and a distrust in the word of government. I do not think I have to say to honourable members who have only a year and a half ago knocked on doors throughout Manitoba, and I think if their experience was like mine, and I suspect it was, that not a few times people said to them, oh, you guys are all alike; we only see you at election time; you promise us the moon and the stars, and when you get elected you do what you damn well please, and others who said to us, well, I used to vote, but I do not vote anymore because it does not make any difference which one of you guys is in government; you are all rotten, and others who have said, you are only there to line your pockets. Those are the ones who usually do not know what we do get paid and think that we somehow have enormous perks flowing out to us at all times, and at least on the back benches and in the opposition all of us know that that is not the case. Anyone who wants to get rich in this day and age does not run for public office. I do not think there is any question about that.

But the public perception is that we are not trustworthy. We rank somewhere down there with garden varmints in terms of the love that people have for us. That is not universally true, but it is unfortunately I think true enough, and increasingly held as a viewpoint among far too many people, particularly and sadly young people.

One of the things that was so moving to me in the committee hearings, which I enjoyed immensely—people said, are you not bored. I said, no, I was not bored ever during those committee hearings. Whatever the members opposite may think, there were no boiler plate presentations in which people read off a script into the record simply to take up time. We had more than a few witnesses in tears. We had very moving stories, all of them I believe to be absolutely true, about the vulnerability people feel, and the vulnerability they feel particularly in regard to the potential loss of their telephone.

Mr. Chairperson, what would a referendum achieve? Well, it would, in a positive sense, give an opportunity to government to make its case. Referenda are, after all, political campaigns and government could use the opportunity to make its case. It could finally do what we asked it to do in the previous motion which was defeated for no reason that I can think. Why would you not go out and meet with the public outside of Winnipeg? Why would you not lay their fears to rest? If their fears are groundless, do not tell them what the Premier said on radio this morning, that Manitobans are such sheep that they will only stop fearing this after a couple of years of experiencing it. Manitobans are not stupid. They are not sheep. They do not need to be put through two or three years of something in order to find out that it is not so bad after all. What they need is credible data, sound information, the trust of their leaders to share that information and to trust them as capable of making a sensible decision.

Manitoba, above all, is a small “c” conservative province and conservative in the best sense of the word. People who seek to preserve and conserve their values and to move into the future yes, but not just for the sake of change.

So what would we achieve? I think the committee knows that if there were a referendum in the next little while it would be defeated. We would not have this act.

It would be defeated. Public opinion is very, very clear on this issue, and the government knows that.

But, Mr. Chairperson, we do not have to have a referendum on this right away, next week. Government has the time, and it obviously has the resources. It had the resources to hire Barbara Biggar for \$400,000 to make a PR case for what it was doing. It has the resources to make a sound, sensible, noninflammatory case about what will happen under the proposal. It also would be, I think, more than possible that the prospectus will be available in draft form very shortly. Mr. Benson and Treasury Board tells us that it is not ready yet, but it might be reasonably soon. He does not seem to know whether that “reasonably soon” means next week or next month, but I think he means within the next short while. I would take that to mean a couple of weeks at the outside, that a preliminary prospectus might be tabled and then be public, subject to a final prospectus being made available for share offering.

So there is not a screaming great rush here. The draft prospectus will have in it some interesting disclosure information, Mr. Chairperson. It will disclose, among other things, that board members of MTS were paid very large fees for overseeing what is euphemistically called due diligence of the Faneuil deal. Manitobans may wonder why two board members of their corporation had to be paid more than \$70,000, neither of whom have the slightest expertise in telecommunications, although they may be business people. I am sure the prospectus will disclose some other interesting things. In a referendum that information could, at least in theory, be available to people, to understand the full ramifications.

In a referendum, the government could make available the case that it has assembled, the experts that have provided it with information. It could clarify if it believes that the opposition is wrong on the CRTC rulings in Alberta. It could clarify with opposing data, not simply with: you are wrong, you are wrong, you are wrong, which is the Premier's (Mr. Filmon) favourite line, but with real information that the telecommunications regulation expert that we hired was wrong, that his calculations were wrong, or his methodology was wrong, or he simply was misinformed. If they can make that case, good on them. But, why shy away from making the case?, because the benefit of a referendum is so clear in this case. It is the possibility of re-establishing some trust, and it is the

possibility of making a sound case, which, to this date, has not even been tried by this government.

Now, the member for Thompson (Mr. Ashton) has wisely observed a number of times that all it takes is two backbenchers to say, even though I believe from what I know that this is the right thing to do, nevertheless I understand that my people do not understand that, that my communities do not understand that, and I, in all good conscience, cannot support a motion to privatize the telephone system until there have been some steps taken to restore the public trust, and to make an objective case for what government may well believe is the right thing to do. Agreement to hold a referendum would allow all of us to delve into this matter and to meet with our constituents and to make a case, for or against, in public, with data. That can I think achieve that most precious good in a democratic state, and that is some trust and faith in the democratic process.

I do not think I have to tell you how many people feel about this. Let us submit we wish we had a sample of 400 or 500 in the poll that was done, but the poll sample was drawn by a professional pollster. The questions were drawn by a professional pollster. The people who did the phoning were trained by a professional pollster. The scripts were written professionally. The poll was a professional poll. We could not afford, the SOS committees could not afford to hire a professional so they used volunteers. That is the only thing that was not professional about the poll.

* (2320)

What did people say? 62 percent of them said, we do not think this is a good decision. So first of all, they need a chance to be convinced on the merits of it, what you know we call on a question of privilege a prima facie case, that there is merit to the government's plan. But 80 percent said that there should be a vote, there should be some way of the public expressing their will—plebescite, referendum, vote—80 percent. What that means is that a bunch of those who thought it was not a bad idea to do this still thought there should be a vote about it because government did not campaign on it; in fact, they campaigned actively on not doing it, and even those who think it should be privatized in some substantial numbers think there should be the chance for the public to express their will.

I suspect this amendment will be defeated, but maybe not, maybe there are a couple of members opposite who know how concerned the public is, who know that the Union of Manitoba Municipalities is not made up of lightweights who do not do their homework and do not understand the issues, who know that the Manitoba Society of Seniors and the many other organizations who came before us are not puppets of the NDP. My goodness, what a concept, the Union of Manitoba Municipalities is a puppet. Our union bosses, one only has to know who is in that group to know that puppeteering on our part of them is highly unlikely to say the least.

So, Mr. Chairperson, I appeal to members of the committee to consider carefully before they reject this motion, and I appeal particularly to those opposite who are not in the cabinet to think very seriously before they tell Manitobans that they cannot have a say on the sale of their phone system.

Mr. Ashton: Mr. Chairperson, I did want to put a few comments on the record because this particular section that we are proposing goes to the heart and the soul of our entire campaign against the sale of MTS.

You know, we use the term "referendum," because that is the drafting advice. The real term I would like to use is shareholder vote. You can argue what you want about the benefits and advantages of referenda or not. I think a lot of issues are often talked about. People propose referenda, and I do not think they are necessarily always that appropriate. I think some decisions are fundamental. For example, I think it was very positive when we had the Charlottetown Accord put to a referendum. When you have a constitutional change, it has a degree of permanence that a bill does not or a tax change or some of the kinds of things you see in the United States subject to referenda.

There is another kind of issue, too, that is fairly permanent, and that is the issue of a sale of a company, corporation, even the sale of assets, say of a co-op. It can be any organization, and one of the key things with any company, corporation or co-op is that you cannot sell the assets without the permission of the shareholders.

Now, I will be right up front about this. If the government had run in the campaign on selling MTS, I

would have opposed them, but I think they would have had a mandate to sell it. I probably would have opposed it based on various different things, but, you know, the bottom line is that it would have been legitimate, but, Mr. Chairperson, that did not happen, so that leaves us in a situation where we have a government with a mandate to do the complete opposite.

Everywhere I have been in the province, we have had—we even called them shareholders' meetings. Somebody asked me at one of the meetings, what is a shareholders' meeting, and I said, in the case of MTS, any group of two or more Manitobans. Everywhere I went, people said, you know, that makes a lot of sense; let us put it to a vote. In fact, the idea of this motion came up, I think, first in Swan River.

By the way, the person who proposed the meeting is an active Conservative. [interjection] Well, it did come up in Dauphin, too. We actually had the Dauphin meeting after Swan River. I think it was a Reform Party supporter who proposed it, but, you know, I mention this—and by the way, there were a lot of New Democrats, Liberals and others who supported the idea as well. It was one thing that crossed all the political boundaries, put it to a vote.

Mr. Sale referenced the survey that was done, and I found that interesting, because 16 percent in favour, and 62 percent, I think, against, 22 percent undecided. As I mentioned, the third option was sell it; undecided was in second place. But when it came to the vote, the numbers shifted to about 80 percent, I believe; about 14, 15 percent against the vote and only 4 or 5 percent undecided.

You see what that meant, that virtually everyone, including some of the people who were against the sale but also including people who were undecided on the sale said, yes, put it to a vote. I have talked to a lot of people—and this is what I think the government underestimates here—who have said to me, well, I think I am against it, but I do not know if I have all the information.

I have given them all the information that I possibly could. You know what they keep asking me? They say, well, what is the government's argument for this? It has been difficult, believe you me, because a lot of times,

what can I do? Give them the MTS Answers document? Give them the minister's brief statement in the House? After last weekend, I can give them Fred Cleverley's column.

That was, by the way, the only time there was a point/counterpoint, that there was any real kind of debate, me and Fred Cleverley. I respect Fred Cleverley, but that was not quite the debate I was expecting and hoping for. I think there has been one op ed piece in the Free Press from the minister six months ago.

You know, this is what has been missing. It is not only a one-sided debate. There are people out there wanting to know why, and it is just not there. What I got a kick out of in this whole thing was being accused of misleading the public or fearmongering. I mean, I have had every possible description thrown at me, but, you know, when I have been out there with people, I am often fielding these questions. Every meeting we have had, I think someone has said, what is the government's policy on this; why are they doing this?

The MLA for Dauphin (Mr. Struthers) has been to a lot of these meetings as well, and other members here. The member for Osborne (Ms. McGifford) and the member for St. James (Ms. Mihychuk) can testify that we often do; we stand there and say, well, they make the argument about the debt; they make the argument about changing circumstances or whatever.

You know what? I think that in any discussion with the public, you do not get anywhere if you just pretend the other does not have arguments.

Mr. Stefanson: Valid arguments.

Mr. Ashton: Well, the Minister of Finance (Mr. Stefanson) says valid arguments. Come to Dauphin, come to Swan River, to Thompson and explain it. The problem is—you talk about the valid arguments—I am there and I have to be the government and the opposition on this. It is not that easy. I think you might do a slightly better job of presenting the government's side than I would, but that is what has been missing. It has been a one-sided debate. It has not had that balance.

Let us put a referendum in place. The first thing that will happen, there will be a debate. You bet there will be

a debate, because it will not be just an empty academic exercise or people venting their concerns or frustrations. It will be decided by the referendum, the people.

Do you know what? We can put in all sorts of restrictions on expenditures. Quite frankly, I do not even mind if there are any restrictions on expenditures. The government can spend \$400,000 or \$4 million. I know what the result will be. I have talked to people, and I know that people will vote against the sale. But I could be wrong.

You may have the strength of arguments, and I say to you, has it not perhaps dawned on you yet that you had a situation where you ran a \$400,000 advertising campaign? I do not know what the impact of advertising is considered nowadays.

But that survey, I can tell you, is accurate. Just talk to people out in the streets. If you are at 16 percent now in support, what were you before the \$400,000 worth of advertising? You would have been below the level in

polling where people think Elvis is still alive. I see some puzzled looks on the opposite side, and I am wondering, maybe there are some members on the opposite side who are in both categories. They support the sale of MTS, and they think Elvis is still alive, so maybe that is part of the problem here.

But when you are down to 16 percent of the people supporting you, you know, 16 percent—I mentioned this the other night. That includes most of the people in the province who either work for the Conservative government or have gotten contracts or who are on regional health boards. I mean, by the time you add in that group, that is about 16 percent. You do not have much else. I say this because the bottom line is, on this referendum, if you put it to a vote, Mr. Chairperson—
[interjection]

Mr. Chairperson: The hour being 11:30 p.m., committee rise.

COMMITTEE ROSE AT: 11:30 p.m.