



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

Chairperson
Mr. Frank Pitura
Constituency of Morris



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's Island	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

Wednesday, October 30, 1996

TIME – 6:30 p.m.**LOCATION – Winnipeg, Manitoba****CHAIRPERSON – Mr. Frank Pitura (Morris)****VICE-CHAIRPERSON – Mr. Gerry McAlpine (Sturgeon Creek)****ATTENDANCE - 10 – QUORUM - 6**

Mr. Philip Curtis, Private Citizen
 Mr. Dave Leochko, Private Citizen
 Mr. Carl Martz, Private Citizen
 Mr. David Nyhof, Business Manager, International Brotherhood of Electrical Workers, Local 435
 Mr. Bob McWilliams, Private Citizen
 Ms. Iris Taylor, Private Citizen
 Ms. Edie Henry, Private Citizen
 Mr. Kenneth Emberley, Private Citizen
 Ms. Erin Minish, Private Citizen
 Ms. Emile Clune, Private Citizen

Members of the Committee present:

Hon. Messrs. Derkach, Findlay

Messrs. Ashton, McAlpine, Penner, Pitura, Sale, Sveinson, Tweed, Ms. Wowchuk

Substitutions:

Mr. Laurendeau for Hon. Mr. Derkach

APPEARING:Mr. Gerard Jennissen, MLA for Flin Flon
 Mr. Daryl Reid, MLA for Transcona**WITNESSES:**

Mr. Chris Morrow-Litke, Private Citizen
 Ms. Mary Hewitt-Smith, Private Citizen
 Mr. Andrew Dolenuk, Private Citizen
 Ms. Heather Orton, Private Citizen
 Mr. Glen Hallick, Private Citizen
 Mr. Herb Schultz, Private Citizen
 Ms. Sylvia Farley, Federation Co-ordinator,
 Manitoba Federation of Labour
 Mr. Chris Dooley, Choices
 Mr. Dan Kelly, Canadian Federation of Independent
 Business
 Mr. Albert Cerilli, Manitoba Federation of Union
 Retirees
 Mr. William Seymour, Private Citizen
 Mr. David Orlikow, Private Citizen
 Ms. Valerie Gaffray, Private Citizen

WRITTEN SUBMISSIONS:

Mr. Herb Schultz, Private Citizen
 Mr. Kevin Henry, Private Citizen

MATTERS UNDER DISCUSSION:

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

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Mr. Chairperson: Will the Standing Committee on Public Utilities and Natural Resources please come to order. The business before the committee this evening is the consideration of Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act.

At this point, I would like to inform the public of the other meetings that have been called to hear public presentations, and I will do this later on tonight as well on and for the consideration of Bill 67. Following tonight, meetings have been scheduled for Thursday, October 31 at 9 a.m. and then another meeting that same day at 6:30 p.m.; following that, if necessary, on Friday, November 1 at 9 a.m. These meetings will all be in this room, No. 254. The notice for these meetings is posted on the board outside the committee room and on the notice boards outside the Legislative Chamber.

This evening, the committee will continue with hearing public presentations. The list of presenters should be

before all committee members as well as posted at the back of the room. As the list stands now, there are currently 224 persons registered to speak. If there is anyone present this evening who wishes to appear before the committee and has not yet registered, you may register with the Chamber staff at the back of the room, and your name will be added to the list.

The committee has received a written submission to Bill 67 from Mr. Kevin Henry, private citizen. The submission has been distributed to all committee members. Does the committee wish to have it printed in the committee Hansard?

Some Honourable Members: Agreed. [interjection]

Mr. Chairperson: The one you have in front of you.

Mr. Daryl Reid (Transcona): Mr. Chairperson, with the indulgence of the committee, I cannot make out several lines in several of the paragraphs of this document, and I have a great deal of difficulty understanding the intent of the individual presenter who has apparently faxed this document to us. I do not see how we can enter this into the Hansard record. I cannot read it. Take a look at it, you cannot read it.

Mr. Chairperson: Would it be agreeable to the committee if the Clerk were to contact the author and ask for the original copy and then have that entered into Hansard? [agreed]

Committee Substitution

Mr. Jack Penner (Emerson): I would ask for leave that we at this time be allowed to make some committee changes.

Mr. Chairperson: Is there leave to make committee changes? [agreed]

Mr. Penner: I move, Mr. Chairman, that the composition of the Standing Committee on Public Utilities be amended as follows: Derkach for Laurendeau.

Motion agreed to.

* * *

Mr. Penner: I wonder, Mr. Chairman, if I could have further leave. I would like, if there is leave—

Mr. Chairperson: Well, I would like to just go over some of the parameters that we had last night, and then we will grant you leave at the time.

Before we continue with the public presentations, I would just like to remind committee members and the public present that the committee did agree last night to a 10-minute limit on each presentation and a five-minute limit on questions. The committee will still follow these. As well, the committee agreed to hear from all out-of-town presenters first, and the committee will continue that practice tonight. There are currently 51 persons registered to speak who are from out of town. They are indicated as such by the asterisks after their names on the list.

Did the committee wish to discuss how it would like to deal with persons whose names are called to make their presentation and they are not present?

Mr. Penner: By leave, I would move that all names be read once, and if not present, drop to the bottom of the list and that names read a second time be dropped off the list.

Motion presented.

Mr. Chairperson: The motion is in order. Discussion?

Ms. Rosann Wowchuk (Swan River): Mr. Chairman, I want to speak against this motion, and the reason I want to speak against is I think that if anybody has been outside this evening, the weather is not very conducive to travelling. I am sure that there are many people who would be here tonight and may show up later tonight or may have to come to a later meeting. I do not think that we should be proposing to drop their names off the list after second calling of their names tonight. We should leave their names on the list, that if they are not able to make it here tonight because of the weather, that their names should stay on the list for another hearing.

* (1840)

Mr. Gerry McAlpine (Sturgeon Creek): Mr. Chairman, I think in all fairness to all the members on the

committee, we have now 226 presenters and in all fairness to them, to allow them the opportunity to present. Last night—and I realize that the member for Swan River was not on the committee last night—there were a number of members from out of town who were given the opportunity to be here last night, and the same thing prevailed at that time.

I think that in fairness to everybody, I support Mr. Penner's motion, and I think that we should—I would like to proceed on that basis.

Mr. Ben Sveinson (La Verendrye): Call the question.

Mr. Chairperson: The question has been called.

Voice Vote

Mr. Chairperson: All those in favour of the motion, please indicate yea.

Some Honourable Members: Yea.

Mr. Chairperson: Those opposed, nay.

An Honourable Member: Nay.

Mr. Chairperson: In my opinion, the Yeas have it.

Formal Vote

Ms. Wowchuk: A recorded vote.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 6, Nays 1.

* * *

Mr. Chairperson: I declare the motion carried.

We will now begin to hear public presentations and, as previously agreed, we will hear from the out-of-town presenters first. I would like to call Dave Tesarski, No. 141, to come forward. Dave Tesarski. Dave Tesarski not being here, his name then will be dropped off the list. This is his second call. JoAnne Hamilton. JoAnne Hamilton. Not here. JoAnne Hamilton not being here, her name is dropped off the list. B.E. George. B.E. George. Not here. The name is dropped off the list. Chris Morrow-Litke. Chris Morrow-Litke, please come

forward. Do you have copies for distribution to the committee, Mr. Litke?

Mr. Chris Morrow-Litke (Private Citizen): No, I do not. This copy I would like to leave behind, just so I can file it or whatever.

Mr. Chairperson: Please proceed. Just before you start, I do not know if you were here when I indicated that we have a 10-minute presentation, to make your presentation, and five minutes for question, and I will blurt in with "two minutes" when you have two minutes left to go.

Mr. Morrow-Litke: I would like to say one thing. You guys are showing a lot of lack of, I do not know, I guess respect or whatever you want to call it for the other people who are trying to come. I came from out of town, and trying to get through town is just crazy. Maybe you guys have been here all day, and I feel sorry for you, but I have come a long way to speak, and I just popped in, and for those people being thrown right out, that is ridiculous.

Board members and other speakers, my name is Chris Morrow-Litke. I work presently for the phone system as an equipment installer for the past 15 years, so I have seen and gone through some of the changes that have happened to the system. Now, there may and more likely will be the sale of the system. I think to myself, is this the right thing to do, and I would have to say no. If we go back to when phones first started, back in the early 1900s, it was done for a certain reason and that was because there were too many different phone systems with different pricings. The government decided to run the Telephones in order to give affordable phones and the opportunity to give everyone a chance to have a phone. At the beginning this would consist of putting people on party lines, which would be cost effective for the government and the customer.

By privatization we will be stepping back in time, for, as we know, price for the basic customer will go up and affordability will be lost. What will happen to the northern people and the rural people outside of Winnipeg and Brandon? Even though the cost will go up in these two cities, it will double or triple outside of them. Do we go back to party lines so two or four or 10 families can afford just one phone, so they all go under one line?

Why are we selling the Telephones? From my understanding and from my financial statements we receive at work, the system has been making money, and this is on top of paying the interest on the money we owe. For the amount of assets we have, the loan we owe on is small compared to some businesses or even personal loans some people have, if the government would have done like they should have and given the time for the system to pay back some of the money before ramming things in such as competition.

What has competition really done for Manitobans? Besides the big business, positively nothing. How was this debt first brought on? Digitalization of the province by the NDP in the late 1980s and carried on by the Conservatives after that, but, it did not have to—excuse me, after that it is or was, is it a good plan? Yes, it was, but did it have to be done that quickly? Probably not, we should have given enough time to pay off certain stages by a certain time, but, of course, I am not a politician, so I probably think a little more on the rational side, which maybe some of the Conservative members listening here today can think about. Also remember, privatization will key on one thing: money, and in order to get it, it will be raising prices and customer service will go down.

I have travelled the province from almost corner to corner and stayed on places you would never think to stay more than just a couple of hours, but this is my job, and I enjoy it. Can a Conservative government actually be able to pass this bill and feel good about it? There is talk about surveys this and surveys that, but where were the surveys done? I will tell you. In the States or provinces that are bigger in population spread around that province. Has this been done by Manitobans for Manitobans? I do not think so. You would realize we have one of the higher reserve populations in Canada. With the privatization, will these communities still have access to the same affordable phone system, or will this be gone for them, too? We have almost just completed one of the biggest projects that the system has been striving for, and now, dollars to doughnuts, the Conservatives will probably give it away for a song and dance, just as they have done for the Cablevision. If this privatization goes through, then I hope your Lotteries will be close behind, or will it be kept just to balance the budget?

In closing, I live in the rural communities and in the travels for the phone system, I have talked to a lot of

people in a lot of communities, which is probably more than the Conservatives have done in their own ridings, and I can say without a doubt, this sale will destroy a lot of people and the phone system. So let us not step back in time. Let us keep going forward and give everyone in Manitoba a chance to have what they have now, affordable phones. If this sale does go through, hopefully the Conservative Party will stick to what they have said and give no more than 15 percent to anyone who wants to own it, business- or person-wise. The only good that can come out of this is the government will get out of the running of a business that they know nothing about. Also, in final, maybe Filmon will talk to and debate pros and cons of keeping the phone system with people who actually know what it is about.

Mr. Chairperson: Thank you for your presentation. Questions?

Hon. Leonard Derkach (Minister of Rural Development): Thank you for your presentation, sir. I too live in a rural area, and I certainly am one who appreciates the telephone service that we have in this province, but I would like to just ask you, with regard to your comments re competition, is it your understanding that it is the government of Manitoba that has accelerated the competition in the province with regard to telephones?

Mr. Morrow-Litke: I can tell you right now that ever since this digitalization has started, it has been pushed through. It is not coming from the top wigs of MTS. I cannot believe right now that privatization is suddenly just coming from the top of MTS. I am sorry, and I find that hard to believe.

Mr. Derkach: Are you aware that through the CRTC rulings, Manitoba Telephone has been put into a position where they must compete on a national basis rather than just being a closed monopoly for the province of Manitoba?

* (1850)

Mr. Morrow-Litke: I am aware of that, and I was wondering if you were aware that a Conservative government also had a chance to hold back on the CRTC, putting us through it for a couple of years, as they did in Saskatchewan.

Ms. Wowchuk: I want to thank you for making the effort to be here this evening, and I have to say that I agree with you that we should be more considerate for the other people who cannot be here this evening because of the weather.

However, you talked about the 15 percent ownership that this legislation will ensure that only 15 percent is owned by one person. I want to know whether you are aware or not that the federal government privatized CN just a year ago. They gave us the assurance in their legislation that only 15 percent would be owned by one person, and it is now 65 percent of CN is now controlled by one person or one company. Does that give you any confidence? Do you have any confidence that this legislation will offer protection to Manitobans and only 15 percent will be able to be controlled by one person?

Mr. Morrow-Litke: I really do not believe that. From hearing around our system and everything else, we are hearing that after the final stages of stock are going through, it might even go up after that, once the government is fully out of it, that whole thing, scenario could change, and that is what I do not want to see either.

Mr. Gerard Jennissen (Flin Flon): Mr. Morrow-Litke, I wonder if you would comment on what would happen if MTS is privatized, what the impact would be on some of the northern and remote communities where right now, I think, basic telephone service is about somewhere between \$10 and \$13, and it happens to be my belief that it could well go up to triple or five times that much. What would be the impact on some of those communities?

Mr. Litke: Well, I have seen some of the figures given to some of these communities, say, MacGregor or whatever, where their cost is in and around the same, \$13 or whatever, but the actual cost to give that phone is in and around \$75 or a little bit more, so I cannot see a private company coming in and going, well, we are going to give it to the same thing, because we offset things with other parts of the system.

Mr. Penner: Mr. Litke, for how long, for how many years, have rural Manitobans paid a higher rate for basic telephone services than they have in the city of Winnipeg?

Mr. Litke: Paid higher?

Mr. Penner: Yes.

Mr. Litke: There are a lot of them that are comparable to Winnipeg, but—years, they have paid that \$1 or \$2 more, but that has been subsidized by the other things in the system, by the long distance, by everything else. The cost that is given to the Winnipeg, as we know, 60 percent of the population is in Winnipeg. That is how you offset your cost for everywhere else, but the thing is that affordability was the reason why the phones were put in there.

Mr. Penner: I am a rural Manitoban. I run a business in rural Manitoba. My customers that I need to contact are virtually all long distance. My cost of doing business by Manitoba Telephones is comparably very significantly higher than a similar type of business in the city of Winnipeg, simply because of the long distance charges I pay regularly. Now, I would make the case that rural Manitobans have paid an inordinate amount of money to maintain a telephone system compared to urban Manitobans. I would suspect that if the competitive rate system is maintained, rural Manitobans will see a significant benefit, at least I will in my business, in long distance rates, and that has already proven itself over the competitive rate system that is in place right now.

Mr. Chairperson: Mr. Litke, with a quick response.

Mr. Litke: I agree with you that you pay a little bit higher, but that was put in there for a reason. The thing is that, when you are out of town like that, the competition is not there everywhere. Maybe, if you are near a bigger centre, yes, you are going to get it, but you go somewhere else, they are not even going to touch you.

Mr. Chairperson: I am sorry. The time has expired. Thank you very much for your presentation.

Mr. Litke: Thank you very much for letting me speak.

Mr. Chairperson: I have been advised that presenter No. 42, Mary Hewitt-Smith, is here, and she is recovering from open-heart surgery and asks leave of the committee to hear her fairly soon. Is there leave from the committee?

Some Honourable Members: Leave.

Mr. Chairperson: Okay, I would then like to call Mary Hewitt-Smith forward to make a presentation. Do you have copies for distribution?

Ms. Mary Hewitt-Smith (Private Citizen): I just have one that I will leave with you.

Mr. Chairperson: Okay, we will have it photocopied and distributed. You may proceed.

Ms. Hewitt-Smith: Thank you so much. I am a private citizen. My name is Mary Hewitt-Smith. I would like to speak against Bill 67.

Mr. Chairman, members of the Legislature, fellow Manitobans, I am here today to express my extreme concern about the sell-off of the Manitoba Telephone System. I ask, how can a government, without the support of the people in Manitoba, sell one of the oldest Crown corporations in Canada, which has been owned and controlled by Manitobans since 1908? From the beginning, the Tory government, under Premier Rodmond Roblin, had the foresight to purchase it from Bell Canada at a time of high competitiveness, saying the Manitoba Telephone System is a good commercial proposition, and whatever profit there is in the operation of the telephone system, from this time on, will belong to the people of Manitoba rather than to a private company.

Even as recently as the last provincial election, Glen Findlay, the Tory MTS minister, implied that they were well satisfied with MTS's ability to serve the needs of the province. Today the Tory government, at breakneck speed, is dashing in the opposite direction. Premier Roblin put people first. Today Premier Filmon places big business first, ignoring the long-time promise to Manitobans. In fact, they are in such a rush that they have already sold off a portion of the company that was a money maker to a foreign-owned company and have given subsidies to an MTS competitor. They are rushing Bill 67 through swiftly, secretly and evasively, without examining other alternatives. We, the people of Manitoba, have had a long history of being well served by a first-class system that has served us efficiently, cheaply and equitably for all. We shudder to think of the blame future generations will place upon us for allowing this service to slip out of our hands.

Due to restriction under NAFTA, once MTS is privatized, it may never be brought under public ownership again. Why should we forfeit the control of this state-of-the-art technology, whose rates are lowest in North America, except for Saskatchewan, the only other region which still enjoys the benefit of a publicly owned system? There has been universal service for everyone at an affordable cost, which includes unlimited local free calls, phone and line repairs at no extra charge, installation at far less than cost, and no access rates charged to connect to the long distance networks, as in the U.S.

This Crown corporation provides us with 3,700 good-paying jobs, at which 1,000 are located in rural Manitoba, and headquarters located in Winnipeg, where decisions and control are centred. Business spin-offs are important in urban, rural and northern regions, and profits remain in Manitoba. If MTS is sold off, what would we get in return? Let us look elsewhere, where services have been privatized. Rates certainly have increased substantially, with many regions in the U.S. charging customers for individual service calls. BC Tel has already applied to charge for local calls after a minimum number of calls have been made. In Alberta, they are experiencing several large rate increases and poorer service, with jobs and profits leaving the province.

At the present time, Manitobans, in rural or remote areas, are heavily subsidized. I cannot believe that a private corporation would continue this practice. Actual cost would be transferred from the corporation to the customer. Basic rates, presently, average about \$12.75. Actual costs for rural and northern customers are as much as \$35 to \$50 per month. In Alberta, they have a three-tier system, where customers in the lowest tier have no long distance privileges. In areas where deregulation has occurred, as in the U.S., the average person has saved a bit on long distance calls, but they end up paying a lot more for their local service for a reduced free-calling area, for installation and repairs, and, get this, still 80 percent of business ends up losing as well. Winners are big business, users of bulk long distance, where huge profits can be made. Private firms elsewhere are raising rates drastically in order to make huge profits. In a privatized system, profits will be in the pockets of a few who probably will live outside the province or outside the country.

* (1900)

Bill 67 allows the government to reduce or abolish foreign ownership restriction on a future buy-out offer from all multinationals such as AT&T. For several years, MTS has been competing in the marketplace, in long distance calling, with other phone companies such as Unitel, now known as AT&T Canada. It not only has held its own, but was winning. Today 86 percent of long distance callers use MTS. MTS holds assets worth over \$1 billion and has been adding \$450 million annually to Manitoba's economy. This dwarfs the size of their \$800-million debt, which they incurred a few years ago, when extension and development in northern services took place. Already, the money-making telemarketing part of MTS has been privatized with Faneuil, a company that did not even exist before the deal was made. Now this private corporation is doing a \$47-million contract, which MTS could have done itself.

Last January, because new technological jobs could easily be transferred, Unitel moved 150 positions from Winnipeg to Toronto. These telecommunication jobs are a growing industry with large profits and high rates of return. Under AT&T, prices could be pushed higher—

Mr. Chairperson: Two minutes.

Ms. Hewitt-Smith: —for nine out of 10 Manitoba Telephone customers. Manitobans deserve a voice. The government has no mandate to sell off MTS without public support. A referendum is absolutely essential. No company is sold without ratification of its shareholders. A huge number of people will not benefit, especially those who live on fixed incomes, such as seniors and the disabled, for whom the telephone is a life line to the outside world, who will find themselves cut adrift, unable to afford steep rises in phone costs. This process of ramming Bill 67 through is yet another example of this government's undemocratic behaviour. The passage of this bill makes no sense to the huge majority of Manitobans.

Mr. Chairperson: Thank you for your presentation. I recognize Mr. Sveinson.

Mr. Sveinson: Ms. Smith, first of all, I would like to wish you the very speediest recovery from the operation that you had and thank you for coming out tonight.

Some of the things that you said that this government was trying to slide through the privatization of MTS, I would just like to bring a few things to your notice, that being that the legislation has been on the books for some approximately five, six months. There have been meetings held all over the province for community, for municipal, for Chambers of Commerce and so on.

Mr. Chairperson: Are you posing a question, Mr. Sveinson?

Mr. Sveinson: Yes, I am getting to it. Plus, in all those months, it has been all over the TV and in newspapers almost every second day. What I was trying to figure out is, how do you figure that is sliding it through?

Ms. Hewitt-Smith: Well, first of all, there have been no public meetings called on it, and time after time, when the public has asked at different meetings of sorts, they have asked questions, they have been evaded. People have not been getting answers, and I have heard that complaint many times.

Mr. Steve Ashton (Thompson): I want to thank the presenter. I want to follow up because indeed the government has not held public meetings on the issue. They do not even want rural and northern hearings. I want to apologize also, Mr. Chairperson, for being a few minutes late. I hope it will be noted, for the record, that the travelling conditions are absolutely horrendous, and I cannot imagine what it is going to be like for some people who are coming in from out of town. It took me an hour and 15 minutes to get about half way out to towards St. Vital before I realized I would have to turn back. So I just want to put that on the record. I am sorry I was late, but I hope also we would recognize for presenters, too.

I want to ask, you mentioned in your brief, too, some of the potential implications of the sale. Given the fact that the one thing the government has done, the only thing they have really done, in terms of information is that \$400,000 campaign they are running, with that blue sheet, the MTS Answers, I am just wondering if you feel as a citizen that there has been any real information given to you by the government on what is going to happen if MTS is sold off.

Ms. Hewitt-Smith: I think they are only speaking out on behalf of big business. Ordinary Manitobans have not been given the information from them.

Mr. Ashton: You mentioned about possible purchase by outside companies, and AT&T has, incidentally, for members of the committee who are not aware and members of the public, indicated publicly they are interested in purchasing Manitoba Telephone System. Mr. Bill Catucci, the president of AT&T Canada, formerly with AT&T in the United States, has indicated that. One of the reasons, by the way—and I talked to a former employee of Unitel, which is basically AT&T now, who actually now works in Manitoba Telephone System, who said that the real interest of AT&T is to get into local service, particularly for the corporate market. They are not interested in the individual market, but the corporate market. I am wondering if you are not suggesting that that is exactly what may happen here, that you may get a large corporation getting involved, either now or down the line, to try and become that servicer to the corporate market in Manitoba, which will obviously hurt average Manitobans.

Ms. Hewitt-Smith: I am no authority, but I think it is obvious that that would be the case.

Mr. Ashton: Well, I am wondering too—by the way, the member across the way was saying they can do that now. I mean, local service is still the domain of local telephone companies. To get into service, you have to own the local telephone company. I am wondering too, you mentioned about the impact of other provinces. Yesterday I read into the record what happened to Alberta, where they had a \$6-a-month increase. By the way, that \$6-a-month increase was because of tax liabilities that were incurred as a result of the privatization of AGT back in 1991. They underestimated their tax liability, and it was therefore passed on to the ratepayers. I am wondering if your concern is not, as I understand it, that the same thing could happen here, that the costs that a private company has which a public company does not have, which include tax liabilities and other issues, will not be passed on to the ratepayers in the form of a rate increase.

* (1910)

Ms. Hewitt-Smith: Well, I am sure that will happen. I am sure.

Mr. Chairperson: Mr. Ashton, for a final question.

Mr. Ashton: I have mentioned this in the committee before, and I know this came up last night. We referenced the fact that it would take two government members to defeat the bill to sell MTS. We are convinced, obviously, that the people of Manitoba do not want it sold off, but if you had a chance to talk personally to one of those government MLAs who might be considering, just might be considering, voting with the people of Manitoba, to vote against the bill to sell MTS, what would you do to try and persuade them to be one of those two members that could save our telephone company?

Ms. Hewitt-Smith: Well, I think that Manitobans—if you are just looking after your own, if you are wanting to hold your seat in the next election, first of all, I would say, I would be answerable to my constituents. [applause]

Mr. Chairperson: Time has expired. Thank you very much for your presentation.

Before I call the next presenter, I would just like to share with the audience that are present here tonight that this gentleman sitting right here to the back of me is recording all of the comments that are made and putting them on tape. There are times when support in the form of applause comes through while they are speaking. At that point, the remarks may not be caught on tape. So I would ask for your indulgence and co-operation in not breaking in the middle of a presentation so that the recorded comments can be put on Hansard. I thank you for that.

Point of Order

Mr. McAlpine: On a point of order, I think that the previous presenter came here under great difficulty, and the interruptions, I know that, even though she was able to come here this evening under those conditions, other members that are making presentations are often being here for the first time. They are under a time limit in terms of what the committee has given them. I think that we should, as a committee—and I ask you, Mr. Chairman, to take this into consideration that they be able to do so without interruption. Certainly, I know that there is a lot of enthusiasm among the audience. I think that, with all fairness, respect should be given to the presenters so that they can do so without interruption. I think in fairness to

the people who are making the presentation, and I would ask you to carry that forward.

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

Mr. Ashton: On the same point of order, I think yesterday that we had a fairly flexible approach, and I point out the time that for many people, it is the only opportunity to have input on MTS. I did not notice the presenter being concerned about the applause, and I do not think any of the presenters yesterday were that concerned. I understand that it is somewhat difficult for the government members.

Mr. Chairperson, I think your suggestion to the committee was probably well taken in terms of recording in Hansard, and I would suggest that we stick to what we did yesterday. To your suggestion, Sir, I do not think that we do not need necessarily prevent members of the public from indicating their feelings any more than we have, subject to, I think, a very legitimate suggestion. So I would suggest that we proceed as we did yesterday. I think we did fine.

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

Mr. Penner: On the same point of order, I would suggest that the applause is disruptive, Mr. Chairman. Many of us have presented at these committees many times before we came to government, and under the NDP administration if there was any kind of applause or disruption amongst those that were waiting to present, they made it very clear that this would not be allowed. They were told that they would be removed from the room. Mr. Ashton, or the member for Thompson, knows that because he was a member of those committees that I appeared before, and the Chair was very, very firm on those.

So I would suggest to you, Mr. Chair, that you make it very clear that we are here to hear presenters, and that can be done without applause or fanfare, and that this committee will hear all the presenters and would like to hear them without disruption.

Mr. Chairperson: Thank you. There is no point of order as the Chair, I think, has already addressed that situation.

* * *

Mr. Chairperson: I would like to now call our next presenter, Andrew Dolenuk. Do you have copies for distribution, Mr. Dolenuk?

You may begin your presentation.

Mr. Andrew Dolenuk (Private Citizen): Honourable Chairman, committee members, fellow presenters, could I have your attention, please.

Mr. Chairperson: Could we let our presenter proceed.

Mr. Dolenuk: Could I have your attention. It took me two hours to get here tonight, and to say that I might be a little irate for waiting there and having to wait here to see debates about appreciation are kind of annoying to me, so I will get on with my presentation.

As stated, my name is Andrew Dolenuk, and I reside at 19 Davidson Road in St. Andrews. I come before you as a Manitoban but also as an MTS employee. I would like to speak against the passage of Bill 67. First, as an employee, my 30th anniversary with this company is going to be on November 4, so that will probably be before the sale of MTS. Until the point of rumours about the privatization of MTS, which started approximately three years ago, so the government was well aware three years ago that they were in the process of selling the company. Employees are usually the first ones to know about it.

But all I can say, with all sincerity, is that MTS was a super company to work for before the rumours started to come about and people started to get hired for \$185,000. There were a bunch of vice-presidents that were hired that are probably very competent people, but the morale started to go down. However, whatever function I performed was performed with pride, an extreme sense of loyalty to the company but, most importantly, to the people of Manitoba, because every person in Manitoba who had a telephone service, be it in voice, data or broadband, he was my boss, every one of them. You respected him. If you were out doing a job, you looked at a fellow, he was your boss. It was with pride that you knew that. Over a million bosses, but we did it with pride.

In my career as a craftsman with MTS, I worked every type of shift possible. I worked four-to-twelves. I

worked one-to-nines. I worked midnights. I worked weekends. I worked holidays. I have missed my children's birthdays, my mate's anniversaries. I have missed Christmases, New Years. My training and knowledge that I had to gain has been all the era of technology, from the mechanical to the latest in fibre optics and computerization. So there goes the theory of that slug civil servant, no good for nothing, those people, no good for nothing. They just pick up their pay cheque—30 years. Dad, why are you not coming home tonight? It is Christmas Eve. Well, son, I have to work for the people of Manitoba.

There has been much said about globalization. The telephone industry has been globalized for the last 80, 90 years, with numerous connections to all parts of the world, long before the term "globalization" became a fad and a catchphrase for government and businesses to downsize, to give excuses. We in the telephone industry, and I have been here 30 years, going to be, November 4, we have been globalized for all those many, many years, so that is a crock of—well, I will not say what—that we have to downsize, we got to get mean, we got to get lean.

* (1920)

As mentioned earlier, in the last three years, with the rumours of going private, the morale of the employees hit bottom. We had seen layoffs and early retirements in order to be lean and mean, and no staff where I work has been replaced. The people that were basically forced into retirement, people that were laid off—all those advertisements, we are going to hire people, I do not know.

I say, contrary to all those advertisements or announcements, the trend to layoffs will continue should privatization occur. All one has to do is look at the AGT experience. What is happening to MTS is an exact clone of the process of privatization of AGT. You cannot hide behind it.

A fellow who works at AGT, whether it is management or a unionized worker or a clerk, they were gone. That is a fact. That is not a myth brought on by unionists and communists and whatever. Conservatives will take a look, and they know that is a fact. I mean, business works that way, does it not? It is actually, and I probably in the legislature cannot say it, but it is actually a lie. I

can say it here. It is a lie when I see on television some guy coming up, and I think he gets paid about 185 grand. He says, yes, we will create jobs. Yeah, right.

With the privatization of MTS, Manitobans will no longer be my boss, simple as that and, as an employee, I will have to answer to the bottom line of the shareholders. The bottom line will not be my fellow Manitobans. The bottom line will not be excellent service because—I work there. I see it going downhill, and I am seeing it not being stopped. There is no one telling me, stop it. To give an example, where I work, I have to run, they are called cross connections. I had to order wire. Without those cross connections, you want a phone, it does not work for you. I had phoned our stores, and I said, I need rolls of wire. I gave them the order number as I normally do. The guy phoned me back. He says, that is controlled now, do you really need it? Well, sport, no, not really, unless the guy wants service. Yes, private business, efficient. Scary, it is almost scary—scary stuff.

The bottom line, like I say, will not be to Manitobans, it will not be to excellent service, but the bottom line will be the ledger of the shareholders in Toronto, Montreal, New York, because the facts show that probably only 10 percent of the people in Manitoba will buy shares. It is not going to be me, because I have not got enough money. I have not had a raise for four and a half years, and two years of rollbacks. It is not going to be me, obviously, but there will be someone in Manitoba who probably has a few bucks around, and good for him. That is great. I hope I have money—30 years.

Now let me speak to you as a Manitoban. Somehow, nowadays, I feel kind of funny about that because, are we really Manitobans or Gary-ans? I do not know. [interjection] Thank you. Do you know what? That really encourages me. I feel really good about it, so keep up the applause. You are not disturbing me. There may be some people out there—[interjection] Thank you. A portion or all my life, and I am going to be 50, 30 years of service, maybe looking forward to retirement, but not really sure anymore. I might have to be leaned out and meaned out. Anyway, a portion of my taxes had gone to support the Manitoba Telephone System; that is a fact. In all their lives, my parents' taxes—

Mr. Chairperson: Two minutes left.

Mr. Dolenuk:—went to support the Manitoba Telephone System, and that is a fact, too. But, you know what, it was done gladly. I did not mind doing it. It was my company; I was getting something back out of it. As two shareholders in the Manitoba Telephone System, we are proud of the service—it is our company—that it has to offer. There is pride when we as shareholders of our company, the Manitoba Telephone System, see services at reasonable and fair rates offered to all citizens of Manitoba and regardless of geographical location or means.

One of the fellows went down to the States, to the southern states, and you know what, people down there cannot afford a telephone. It is just too expensive; it is an impossibility. He said, it was sad to see that people actually could not afford basic telephone service—never happen here in Manitoba, right? Yeah, right. Sadly, the situation under privatization will not continue. I will no longer be able to pass this heritage on to my children as my parents did for me. This is my company, this is my children's company, and this government has no right to sell my investment without my permission. As a Manitoban, my vote is no to Bill 67. Thank you.

Mr. Chairperson: Thank you for your presentation. Questions, Mr. Ashton.

Mr. Ashton: Thank you, Mr. Chairperson. I want to focus in on what you are talking about, because I have talked to a lot of MTS employees who are saying very much the same thing. You know, there is a real loyalty to MTS, and given the wage freeze and the Filmon Fridays and the various things the last four and a half years, I know it has been tough, but I talked to somebody on the weekend whose grandfather worked for MTS, starting in 1909. His father worked for MTS. He said to me, he feels it will not be the same company. Are you basically saying to this committee that the company that we have come to know and respect, and a lot of people have loyalty, will not be the same company?

* (1930)

Mr. Dolenuk: No. Within the last three years, and that is when the rumours started, you could see the company doing things. The morale—and morale is a big part of anything. Not so much the employees which I have to give so much credit to, they have taken it in stride. That

is scary, and part of the reason is because you are self-serving in Manitoba. As I said before, as silly as it sounds, you are not answering to one boss. Who dictates to you when you are answering to people like you? I am sure every one of you, at one time or another, have seen a telephone man go out of his way, be it in the daytime, be it at nighttime, be it on holidays, under extreme circumstances, as you stated, with the rollbacks, the Filmon Fridays.

We have not had a contract for one and a half years now, yet people have continued to work. This would not happen in a private company. I do not have anything against private companies. I think private companies have their place. That is not my problem. There are certain industries, certain companies that serve the people of Manitoba or the country, whatever it is, that should be a Crown corporation, that should serve the citizens.

I am not speaking from the point of view of any private company is a bad thing. No, it is not. We have healthy companies, and we need private companies, but we need a mixture, especially in the province of Manitoba. Actually, a small province, we need that.

Mr. Ashton: Mr. Chairperson, you mentioned about Alberta. I talked to a retired senior manager. He worked for Ed Tel, which has been privatized, and with AGT. By the way, I talked to people in Alberta about what had happened to their phone company. This was confirmed yesterday in committee when it was pointed out that 5,000 jobs were cut. Senior executive salaries skyrocketed, and a lot of people who had spent 15, 20, 25 years working for the phone company were laid off and hired back at \$10 an hour, a fraction of what they were making before. Are you saying to this committee that you see the same thing ahead for MTS if we follow the Alberta model?

Mr. Dolenuk: It started already. I mean, we have hired five new vice-presidents. I am not knocking the vice-presidents. They are probably very capable, competent individuals, but a company the size of MTS truly does not need five vice-presidents at \$185,000-plus-whatever. Even as, I would believe, my Conservative friends or my NDP friends would say, if that happened in their own business, they would not allow it. And I speak to my Conservative friends, that if you had a company and you had on your payroll five people at \$185,000, which two

months before you did not have, with a staff that you downsized, you could not justify it to a shareholder.

I would like to say, first of all, I am a member of neither the NDP or Conservative Party or whatever. I speak truly purely of heart, of my principles, not as loyalty to anyone, but as I look, I could not justify what I see happening. These people are probably good people, maybe in Bell Canada, where you have 3 million or 4 million subscribers, but you come to Winnipeg in Manitoba, which is a little pea in a pod, I am sorry, that is unbelievable.

Mr. Ashton: I want to focus in on, too, another concern that has been expressed. Many pensioners have come here, pensioner recipients, and said that they are absolutely incensed at the fact that this bill says that they will have deemed consent, as if they had agreed to transfer their pension plan. You have worked for MTS for a lot of years; you have built up a lot of pension credits. Do you deem consent to have your pension taken out of the Civil Service Superannuation and put in a private pension plan?

Mr. Dolenuk: No, unless I was under the influence of mushrooms or something, I cannot remember ever giving consent. I put 30 years of pension, about 29.5, and it is my money that I put into there and now I am getting to be 50 years of age and, rightly so, I think good thing shortly for retirement. You know, I am scared. I do not know whether I am going to have money in my retirement, what that money is going to be. If the shares of the company go down, is my pension going to be affected? You know, there are federal laws that say it is going to protect my pension, but no, it is not. There is no federal law that says, if ABC MTS company goes belly up for whatever reasons, that Andrew H. Dolenuk is going to be assured a pension. No, he damn well is not.

I feel sorry for the people who have retired. I feel sorry for the people now and I feel sorry for people who are on the verge of retirement. They are stressed out. They are looking at—I said, 30 years is a long time, and while I did mention working the 4 to 12 and the midnights and working 7, 8, 14, 16 hours or sometimes 16-hour days working 23 days straight during my career, is that the thank-you I get for all this crap? Next time you or anyone, if you have phone problems, screw you, go and get someone else to fix it. Did you ever have that attitude

thrown at you? And now my pension is going to be in jeopardy, and it scares the living poop out of me. Let us cut some pensions down in here, maybe see how you guys feel, maybe you can relate, but it scares the poop out of me. I am 50 years old. What am I going to do if I am looking forward to a humongous pension of, say, \$1,500 a whole month, which I hope I do not spend all at once. I paid for 30 years into it. I said, maybe they will fire me tomorrow or force retire me the day after. I do not know right now. That is scary. You are stressing out 4,000 people on purpose because of ideology, not because of common sense, not because of business sense, or any kind of sense, just ideology.

Mr. Chairperson: I am sorry, your time is expired. Thank you very much for your presentation.

I would like to now call upon a spokesperson for the National Farmers Union. Is there a spokesperson in the room for the National Farmers union? Not here. Their name will be dropped off the list. Mr. Ian Robson. Mr. Ian Robson. Not being here, his name will be dropped off the list. Jan Chaboyer. Jan Chaboyer. Not here, name will be dropped off the list. Kim Fallis. Kim Fallis. Not here, the name will be dropped off the list. Susan Tjaden. Susan Tjaden. Not here, name will be dropped off the list. Brenda Portree. Brenda Portree. Not here, the name will be dropped off the list. Jasper Robinson. Jasper Robinson. Not here, the name will be dropped off the list. Phil Oakes. Phil Oakes. Not here, the name will be dropped off the list. Rod Murphy. Rod Murphy. Not here, the name will be dropped off the list. Colleen Seymour. Colleen Seymour. Not here, the name will be dropped off the list.

Dawn and Heather Orton. Dawn and Heather Orton. Welcome. Please come forward. Do you have copies for distribution? No?

Ms. Heather Orton (Private Citizen): No, but you can have this one.

Mr. Chairperson: Please proceed.

Ms. Orton: Dawn, unfortunately, just stepped out for a minute but—

Mr. Chairperson: Do you have a joint presentation?

Ms. Orton: It is okay. I can.

Mr. Chairperson: Okay, please proceed.

Ms. Orton: The Manitoba Telephone System is an important public asset that I am proud to be a shareholder of. The dividends that we receive in subsidized rates ensure that phone service is available to all Manitobans and not a select few. MTS provides almost 4,000 jobs that pay a fair and equitable wage stimulating the economy throughout Manitoba. Private companies are in business to make profit. Privatization would reduce wages and service while increasing costs to Manitobans. There are three provinces in Canada that provide quality rural service. They are B.C., which was publicly owned but is now private, Saskatchewan and Manitoba, which are publicly owned. What does that say about public versus private?

In conclusion, this government was not elected on a campaign to sell off our telephone system. If you are so positive that the people of Manitoba would support this sale, why will you not take the time to ask them? Thank you.

Mr. Chairperson: Thank you for your presentation. Could you just clarify which Orton you are?

Ms. Orton: Heather.

Mr. Chairperson: Heather. Okay. Questions?

Ms. Wowchuk: Thank you for your presentation, Heather, and thank you for making the effort to come here this evening. You raised your questions about why Manitoba Telephone is being privatized. I wanted to ask you, have you had the opportunity to attend any public meetings or meet with any of the elected representatives to ask those questions and get answers to the concerns that you have as to why they have decided to privatize Manitoba Telephone?

Ms. Orton: Well, I have a member of Parliament who chooses or is too busy to return my calls, but I did attend a shareholders' meeting the other night, and I got a lot of information there.

Ms. Wowchuk: Just for clarification, you said you had a member of Parliament that you tried to get in touch with. Did you try to get in touch with your MLA?

Ms. Orton: My MLA is Brian Pallister.

Mr. Chairperson: Ms. Orton. Do you want to repeat that, Ms. Orton?

Ms. Orton: My MLA is Brian Pallister.

Ms. Wowchuk: So what you are indicating is you have tried to get in touch with your MLA to get the information that you want with respect to this, and what I want to clarify is, did you try to get in touch with your MP who is the member of Parliament or your MLA Mr. Pallister?

Ms. Orton: Mr. Pallister.

Mr. Chairperson: Ms. Orton, could you just wait until I recognize you so that the Hansard can pick up who is speaking?

Ms. Wowchuk: So you have indicated that you have tried to get in touch with your MLA Mr. Pallister and you have not been successful. Well, that is disappointing, because this is a very important issue, and I think all of us who are elected representatives should make every effort to make our constituents aware of the impacts of this decision.

One of the issues that keeps coming up for members across the way is that under privatization and under competition we are going to have cheaper telephone rates in rural Manitoba. I want to ask you if you have any confidence at all that as a rural Manitoban, when the Manitoba Telephone System is gone, do you think that you will have lower telephone rates or do you have concerns that you are going to see an increase in your telephone rates?

Ms. Orton: I am sure that the rates will go up. I mean, private business is not going to subsidize us like our own company does. I mean, that is what I call the dividends, the breaks that I get on my telephone bill every month and a private business is not going to do that because they are there to make profit and they are going to ensure that you pay for everything you use plus they are going to have their profit on top of it, so I doubt if I would be able to afford a phone. Really, seriously, I am a single parent and I really doubt.

Mr. Jennissen: You pointed out the fact that the lowest rates in North America are in Saskatchewan and in Manitoba where there are two publicly owned systems. I do not think that is a coincidence. Would you subscribe to the theory then, why fix it if it ain't broke, or why sell it if it ain't broke? What is this overwhelming urge that we have to get rid of a major public asset? Would you comment on that?

Ms. Orton: Well, I really have no idea why they would want to sell something that is making money unless it is to line the pockets of their friends. That is the only reason I can think of.

Mr. Ashton: I am wondering on that. Given the fact that the government used a report of three investment bankers from Ontario based on Bay Street as the basis for the decision to sell off MTS—in fact they made the announcement two days after they got the report—and that those three companies are now going to be selling the shares and benefiting from commissions, I am wondering if you would care to comment on whether you think that is appropriate at all?

Ms. Orton: I believe that is a total conflict of interest and I think, I am disgusted, totally disgusted with any government that would do that.

Ms. Wowchuk: Ms. Orton, in the legislation the government indicates that no person will be able to own more than 15 percent of the shares and that Manitobans will have the opportunity to buy shares. Do you think that the average Manitoban will be buying shares in this company and do you think that you will be buying shares, or who do you think will end up with control of this company?

Ms. Orton: Well, there is no way that I will be able to afford shares. Not only have I not got a raise in a long time, but they keep rolling me back with these Filmon Fridays, and I mean I live from pay cheque to pay cheque. I am out of money. My bank account is empty by the time the next—[interjection] No, I am not. By the time my next payday comes along, I do not have a cent in my bank account literally, and so I will not be buying any shares, I am sure.

Mr. Chairperson: Thank you very much. Time has expired, and thank you for the presentation.

I would like to now call Garnet Boyd. Garnet Boyd. Not here, name will be dropped off the list. Ray Cantelo. Ray Cantelo. Not here, his name will be dropped off the list. Susan Tait. Susan Tait. Susan Tait. Not here, the name will be dropped off the list. Heather Emerson-Proven. Heather Emerson-Proven. Not here, the name will be dropped off the list. Keith Proven. Keith Proven. Not here, his name will be dropped off the list. Lyle Ross. Lyle Ross. Not here, his name will be dropped off the list. Brad Mroz. Brad Mroz. Not here, name will be dropped off the list. Antoine Desrosiers.

Point of Order

Mr. Ashton: On a point of order, I am just curious here. Are you saying the names have been dropped off the list or to the bottom of the list? I am wondering if you might persuade some of the government members to—you know, I have been sitting here, I have had personal comments made across the table when we have been trying to express concerns, we have had derisive comments made about presenters and the rest of it.

I am extremely concerned, and, by the way, I did drive on the roads in the city of Winnipeg. I tried to go out to St. Vital. I got about halfway and I had to turn back because it took me an hour and 15 minutes to get back here. I do not know how we expect, in this case where we are dropping off out-of-town presenters, how that is fair, given the circumstances. We are dealing with a significant storm out there. The roads are in terrible condition in the city of Winnipeg, let alone what they must be like outside of the city.

* (1940)

I just do not think it is fair to drop those names from the list. We started off with a process with out-of-town presenters of giving them preference if they are here to go ahead. Those names should not be dropped at this point in time. This is turning what is a courtesy towards out-of-town presenters, which is allowing a chance to go first, into a situation where they are going to be disqualified from making a presentation within the first two nights of this committee hearing when the minister himself has scheduled two further committee hearings.

I have no problem if those names are called but they should not be dropped to the bottom of the list, and I

think anybody who puts their head out the window will see that it is virtually impossible I think for anyone to get in unless they were lucky enough to drive in earlier. I know, I just talked to the previous presenter, who is from Portage, and the roads were bad enough earlier. I can just imagine what they are like now. So all I am asking is that those names of the out-of-town presenters not be dropped to the bottom of the list.

In fact, Mr. Chairperson, what I would suggest is, if that is what the government is insisting, that we stop calling those names and we do as a courtesy ask anybody who wishes to present from out of town to be called now. I mean, we are turning a courtesy into a way of cutting off people from rural Manitoba from speaking. I would like to ask that we give consideration to giving some sense of what is going on in the real world. There is a storm out there and it is unfair to disqualify rural residents who cannot get in tonight.

Mr. Chairperson: Thank you very much for that point of order. I just point out to the member that there was a motion brought up at the beginning of the meeting tonight and was passed that names read for a second time would be dropped off the list.

Mr. Ashton: I would therefore move that out-of-town presenters names not be called and that only those members from out of town who are present wishing to go now be considered and the other names not be dropped from the list.

Point of Order

Mr. Penner: On a point of order, Mr. Chairman, I find the member for Thompson's remarks absolutely incredible. The honourable member for Thompson has sat around this committee table for many more years than I have, and, during his term of office and when they were in government, it was absolutely impossible to even get a delay of any kind to hear presentations from outside of this city. They were absolutely adamant that they not hear presenters if they did not show up, and there was no relenting. I find it absolutely incredible at the hypocrisy that he is displaying in making this kind of case and moving this kind of a motion after this committee has dealt with the matter. I find it astounding, and I ask you to rule this motion out of order.

Mr. Chairperson: Actually, it is only a suggestion—

An Honourable Member: It was a point of order.

Mr. Chairperson: It was a point of order. I will take the point of order under consideration.

If I could just take the Chairman's prerogative here for a bit, although we do have a motion on the floor that indicates that names called twice will be dropped off the list. With the way the meetings have been scheduled, it would not prevent those names from being readded to the list, would it not? They would have to be reassigned to the list again.

Mr. Ashton: Mr. Chairperson, I assume that the point of order is not a point of order first.

Mr. Chairperson: Yes.

* * *

Mr. Ashton: Okay. Thank you. I just want to deal with it because, first of all, the member opposite talked about various different things. We used to have committee hearings, Mr. Chairperson, usually during June, July and August because we used to have spring and summer sessions. One of the reasons that we had some changes to the rules this year—and the member opposite was part of that; Mr. Penner was part of that whole process and I commend him for that—was so that we could have split spring and fall sittings. One of the problems, one of the disadvantages I guess of having fall sittings is you do run into inclement weather conditions.

* (1950)

I am suggesting, in this particular case, that the logical thing to do here is not to sort of use the process that we have right now where out-of-town names are called by priority. I think we have already had a process for two committees—yesterday and today—where we have allowed people to come forward. We had Theresa Ducharme yesterday. We had Ms. Hewitt-Smith. We have made exceptions to accommodate people who truly cannot come back, and I think that is what our intent is with the rural hearings, the rural participants tonight.

My suggestion, Mr. Chairperson, is we got a storm—we did not used to have that problem when we sat here in June, July and August. We used to have to fight 30-degree weather and bugs, not storms that prevent people

from getting in here. I will bet you there are a lot of people in the city of Winnipeg who are going to have difficulty coming into the committee.

Point of Order

Mr. Derkach: A point of order, Mr. Chairman. Just in the spirit of trying to accommodate presenters here this evening and trying to get this procedural matter resolved which is taking away time from presenters, I would recommend that there be some agreement among the committee here tonight that those out-of-town presenters whose names have been called not be dropped off the list because of weather conditions, but, in fact, that their names be called so that if there are those who want to come forward tonight, they may present so that any out-of-town presenters, because of weather conditions, would be given a third opportunity to be called.

Mr. Chairperson: Is there agreement?

Mr. Ashton: Mr. Chairperson, that is exactly what my motion was stating. I will withdraw it if there is agreement.

Mr. Chairperson: Is there unanimous consent? Agreed? [agreed]

So just to clarify then, any out-of-town presenter who has been called thus far, their name will go to the bottom of the list but will not be taken off the list because of the storm condition.

* * *

Mr. Mervin Tweed (Turtle Mountain): Mr. Chairman, just for clarification and I am just trying to get an understanding. If at tomorrow's committee and they get called the third time, is that final or is it the next time after that? I am just trying, for clarification. Do they go off the list after the third time, the fourth time or the fifth time? I think we have to determine that for the sake of the committee's time frame that we are working within. I mean, we have extended it from two to three now.

Mr. Ashton: Mr. Chairperson, I appreciate the member's concern about what we deal with, and there is a slight problem here. I know a lot of people were told by the Clerk's Office that there were four committee

hearings scheduled. It seems to me that we will probably be sitting those four committee hearings, and I would not want to see anybody not be able to present at that. That is what people were told when they were phoned, and I assume that members of the public might think it was reasonable that if they could not make it these two nights that they could present on the third or the fourth committee hearing. I think we can deal with that. Usually these committees have a way of running their course. I do not think we need to worry about it at this point in time. I think we can assess it what time we go.

I expressed my concern about the nine o'clock committee hearings yesterday that a lot of working people cannot make it in, but I think that we have four scheduled hearings—there is an additional one, but I do not think that was communicated to the public—and I would say that the people would not be dropped off. My understanding would be until the final committee hearing that the fourth committee hearing at least, because that is what—and the Clerk's Office was telling presenters and I talked to presenters who said, oh, I did not realize I could come down on any one of the four nights. That is what the Clerk's Office has been telling people because that was what was announced by the House leader on the government side.

Mr. Tweed: Just for clarification, Mr. Chairman, that the meetings I believe that were announced in the House were "if necessary," and I would also like to clarify for a point of clarification—

Some Honourable Members: Oh, oh.

Mr. Chairperson: Could we have some order here. Mr. Tweed has the floor.

Point of Order

Mr. Ashton: Mr. Chairperson, on a point of order, you know, Mr. Penner has been saying I am being dishonest. I am telling the committee what people were told. People were told that there were several committee hearings scheduled. That is the role of the Clerk's Office, to let people know that. There were four announced by the government House leader in advance of this, and that is what I said. That is a fact. I am not saying that the Clerk's Office has done anything other than tell members of the public of scheduled committee hearings, and I

would like to ask you to ask Mr. Penner to withdraw that comment. Perhaps, if we can get back to what I thought was some sense of trying to resolve some of these procedural matters, I think we can probably come to hopefully some consensus on some of these items so that we can have some proper function in the committee. I do not see that it is too much. I think the member for Turtle Mountain (Mr. Tweed) raises a legitimate point. I am just trying to sort of deal with some of the expectations out there that people have, that people were told there were four committee hearings. That, I know, is a fact, because that is what people have told me they were told.

Mr. Chairperson: On the point of order, there is no point of order as I did not hear the conversation.

* * *

Mr. Chairperson: Mr. Tweed, to continue.

Mr. Tweed: Again, just for clarification, my understanding was, in the House, it was announced that the third and fourth meetings or whatever would be held if necessary, but that is not what my concerns—

Floor Comment: Excuse me, the Friday meeting.

Mr. Tweed: Friday meeting, pardon me. The concern I have is that an understanding that anyone within the city of Winnipeg called a second time would be dropped from the list? Is that agreed? [agreed]

Mr. Ashton: We had not agreed to that yesterday, and we have not agreed to that today. I am talking about the opposition. We have not agreed to that process. The government members are in a majority in this committee. The government members wish to push through something that restricts at it when things are— [interjection] Well, I came late because I was caught in traffic with a one-hour—for the member who maybe has not left the building today, if you go out into the real world, there is a storm out there. I arrived 20 minutes late because of the icy conditions of the roads in Winnipeg, and Mr. Chairperson, I do not know what it takes. You know, I happened to go out in the real world for about one hour, and you get stuck in traffic in this kind of weather. My concern here again is, we have some fairly unique circumstances. I think we know this committee is going to run at least the four meetings that

were scheduled by the government House leader, and I do not think we have to get into disqualifying people if their name was called yesterday at five minutes to midnight and they cannot come in—[interjection] Well, if—

Mr. Chairperson: Order, order. We are getting to a point here, we are not being able to obtain agreement on this. Can I make a suggestion that this would be our first order of business at tomorrow morning's meeting? People are here to present, and I think we should hear them. Is that agreed? No one will drop off the list tonight as a result—[interjection] of rural members as a result of the storm.

I would like to call Antoine Desrosiers. Antoine Desrosiers, not here, name will be dropped to the bottom of the list. John Whitaker? John Whitaker, not here, name will be dropped to the bottom of the list. Bert Beal. Bert Beal, not here, his name will be dropped to the bottom of the list. Glen Hallick. Do you have copies for distribution?

Mr. Glen Hallick (Private Citizen): Yes, I do.

Mr. Chairperson: Please proceed.

Mr. Hallick: First of all, before I go into my presentation, I perhaps am representing the crowd in expressing my disgust that it took the government members upwards to 90 minutes to finally realize the weather conditions. I, myself, to drive from my home to the Legislature is a 40-minute drive. Tonight it was 45 minutes from Pembina and McGillivray to this building, and I find it absolutely disgusting that the government members tried to remove people from the list entirely without taking into consideration the very icy, unsanded, unsalted streets.

I am against Bill 67. It is very unfortunate that the government has no interest in taking the time to hold province-wide public hearings on Bill 67, which privatizes Manitoba Telephone System. While their television commercials about the future of MTS claim rural and northern Manitobans are important to the public utility, the government shows these words to be meaningless drivel by remaining within the confines of the Legislature. While it is acknowledged that the members of this committee are spending a great deal of time listening to scores of presentations crammed into a

few nights, there is, in my opinion, only one possible reason why there are no province-wide hearings, that being, the government wishes to avoid facing the reality of widespread opposition to the privatization scheme. After all, the government has had plenty of time to organize province-wide hearings, but unfortunately wasted that time, six months' worth.

* (2000)

It is sad to think that the future of a billion-dollar Crown corporation is being decided by giving Manitobans, so often hailed as the real stakeholders of MTS, the inadequate opportunity to voice their views and concerns. After all, these are the service users that will be most affected by the government's plans. It is shameful for the government to remain in the Legislature, avoiding a great number of people with legitimate opinions about the future of MTS.

Not only should there be province-wide hearings but also a binding referendum. After all, if the members are so willing to claim that Manitobans are the real stakeholders, then back up those words with real action. Besides, what is the big rush to have Bill 67 pass by November 7? MTS is making money and is doing well competing against long distance companies. Surely this process could be delayed long enough to give Manitobans sufficient opportunity to have their say through public hearings and by a binding referendum.

As the committee members know quite well, Premier Gary Filmon clearly stated during the election that his government did not have any plans to privatize MTS. As seen in the Legislature today, the Premier and his government dislike being reminded of his promise. When MTS Minister Glen Findlay was on CBC radio's call-in show, Questionnaire, he said the government had such plans in August 1995.

It is rather suspicious that four months after the Conservatives won a majority, they suddenly have plans to privatize MTS, yet the government continued to deny its plans until May of this year. Alas, this is the same government that said in the election that it would not privatize home care, and it now has plans to do so. This is the same government that said it would only give \$10 million to help keep the Jets in Winnipeg, and then in the days after the election, it was suddenly part of a \$200-

million-plus scheme to keep the team here. This is the same government that said nothing of dual marketing but has now introduced such in the provincial hog industry and strongly supports dual marketing for wheat and barley. As we can see, there is a world of difference between what this government says it is going to do and what their agenda really is.

It is easy for most people to conclude that the government has a hidden agenda, and the privatization of MTS is only one example of it.

Any public utility should be, as S. J. Farmer said in the Legislature on February 2, 1928, about hydro power, free from all entanglements with private corporations with a single eye to the service of the people. The independent Labour Party MLA's words ring just as true today about MTS as they did nearly 70 years ago about hydro power.

A person only has to look at the fact that as a Crown corporation MTS is providing Manitobans with the second-lowest rates in North America. The lowest rates are provided by another Crown corporation, SaskTel, which offered to merge with MTS, but the government never considered it. For MTS to become entangled in the profit-making machinations of a private corporation will undoubtedly lead to very expensive rates for rural and northern Manitobans.

Currently, rural Manitobans pay about \$13 in residential rates while northerners pay around \$12. Meanwhile, the actual cost of their service is about \$35 and \$50 respectively. Common sense leads to the conclusion that a profit-driven company has no desire to continue subsidizing these affordable residential rates for rural and northern Manitobans whereas a Crown corporation operating on the idea of the top priority being service rather than profit provides affordable phone rates for all Manitobans and is still making a decent profit.

In a Winnipeg Free Press editorial from yesterday, it was stated that if MTS were to remain a Crown corporation, a bad decision could cost Manitoba taxpayers millions of dollars. While this indeed is correct, the editorial writers left out the important fact that the same would happen if MTS was privatized. Perhaps this was the intellectual feebleness, to quote the editorial, on the part of its writer.

While the government has said often that one of the reasons they want to sell off MTS is because of its \$800-million debt, it is rather odd that the government is prepared to write off half that debt for the new owners, thus the taxpayers, to which the government always speaks of in hallowed terms, is being stuck with half the debt. Yet the government is adamant in being against giving Manitobans the decent opportunity to have their views and concerns heard.

The \$800-million debt was largely caused by the need to install new technology. How convenient it is to have MTS, complete with all its expensive upgrades, turned over to private hands. It is simply wrong for this government to forge ahead with its privatization scheme without adequately consulting Manitobans through province-wide public hearings followed by a binding referendum. This mistake is reinforced by the government's promising one thing in not privatizing MTS, then doing the opposite a few months later.

To radically alter a \$1-billion Crown corporation so vital to Manitobans without consulting them is highly indicative that this government has a hidden agenda and is strenuously avoiding being accountable to Manitobans. Indeed, saying one thing and doing another destroys any trust the government might have with the public. How can Manitobans believe the government's rhetoric that phone rates will not go up following privatization? This building in which the government has decided to remain cooped up in was built on a scandal through the Conservatives, out of office for almost a generation. The government's bullheaded approach to privatizing MTS is equal to that scandal, and perhaps the government will be taught a lesson just as long as their political ancestors suffered.

Mr. Chairperson: Thank you for your presentation. Questions?

Ms. Wowchuk: I thank you very much, Mr. Hallick, and thank you for making the effort to come here this evening. You have a well-thought-out presentation, and I really appreciate it.

Earlier my colleague raised the issue that it would only take two members of the government's side to vote against this legislation. I wonder whether you have had a chance to talk to your MLA or MLAs from your part of the province and, if you did, what arguments have you

used or would you use with them to try to convince them that this is wrong and that they should be voting against this legislation? Have you had the opportunity to have those conversations?

Mr. Hallick: No, I have not. Perhaps the main argument I would point out to my MLA, the Chairman tonight, is that local rates would go sky high. It roughly costs this government \$35 to provide me and all my neighbours and all rural Manitobans with cheap telephone rates. Well, I as a telephone user only pay about \$12 or \$13, and I would simply point out to him that myself and his voters simply cannot afford that.

Ms. Wowchuk: The other issue that I want to raise is, the legislation allows for Manitobans to buy shares. We hear the government member saying that they are quite confident that Manitobans will buy shares and the legislation will allow for Manitobans to continue to own the company. Do you feel that this legislation protects Manitobans or do you feel the control will be taken over by foreign, out-of-province people or out-of-country people? Do you feel that you or your neighbours will be buying shares in this company?

Mr. Hallick: I will speak for myself. I have just got enough trouble trying to pay off my student loan rather than trying to worry about raising a thousand dollars to buy a share in MTS. I understand the government is going to allow six months for Manitobans to buy a share and after that the rest will be sold off to any company, be it outside Manitoba or foreign owned. I could see a company like Bell Canada or Unitel or maybe AT&T buying MTS and drastically cutting staff. People no longer have any spending power.

Mr. Ashton: I just want to focus in on a couple of points the presenter made. Yesterday we had groups ranging from the Manitoba Society of Seniors to the Union of Manitoba Municipalities speaking. We had a lot of presenters from out of town. One of the consistent themes from presenters was that opposition to the sale runs across political boundaries, particularly in rural Manitoba. It does not matter whether you are Conservative, Liberal, NDP, the vast majority of people are against the sale.

I am just wondering what your sense is in your part of the province, whether you are getting any of that kind of feedback.

Mr. Hallick: My friends, be they Conservative, Liberal, New Democrat, whatever, they are largely opposed to this sale. They see the common sense in keeping a Crown corporation which has a parity of service and yet can still make a profit, as we have seen over the last five years, of over \$100 million.

* (2010)

Mr. Ashton: Well, in fact, too, the profit is going up this year. The first six months of the year, the profits were up from last year. It was \$15 million the first six months.

I am just wondering, to focus in on the suggestion of having a binding referendum, we have introduced a private member's bill which would call for a shareholders' vote on the sale of any Crown corporation, the shareholders being us, the people of Manitoba. I am wondering if you would agree with that kind of legislation applying not only to MTS but, given the fact that we are obviously worried that Hydro or Autopac could be next if MTS is sold off, whether you think that that is the more appropriate way of dealing with this rather than a government which has no mandate to sell off MTS, as you pointed out, only a few months later turning around and doing the complete opposite.

Mr. Hallick: Seeing how that all government members like to refer to Manitobans as the shareholders and yet we actually do not own a little piece of paper and go to a shareholders' meeting and say how many votes we got, I think if you are going to say that we are shareholders, well, then there must be a binding referendum to give the people their say. This is a \$1-billion corporation that provides a necessary service and yet the people being affected the most are shut out.

It is like we have five members of the government who are from rural Manitoba and yet they are not pushing for any hearings in Winkler or Gladstone or Dauphin or Steinbach.

Mr. Ashton: In fact, there have been no public meetings, no public hearings at all. We have met, by the way. I have been out to Morden and various communities; we have met throughout the province. In fact, we are going to be back in Morden next week.

I am just wondering if you feel it is appropriate—and the minister, by the way, in a letter to people who said they want hearings, they want public discussion, promised that in March of 1996, and then on May 2 announced the sale of MTS without as much as a single public meeting. Do you think that is appropriate, for any public official in this province to not have a single public meeting on something as important as the sale of MTS?

Mr. Hallick: It boggles the mind that the government can introduce Bill 67 in May, spend the entire summer not organizing any sort of public hearings like taking this committee out on the road. There are 56 working members. Surely to God you can organize two or three committees and cover the province within a month. Not giving us a say, forcing us to drive into Winnipeg—like, I am from Starbuck. On a good day, I am only 40 minutes away. What about people from Gladstone or Ste. Rose or Reston or even Grand Rapids? Look at the weather.

Ms. Wowchuk: You talk about public hearings and about government members travelling across the province. I do not know if you are aware but there have been government members who have travelled the province. They have had public hearings, committee meetings on education. They have had hearings on child care and things like that.

Why do you think that this government will not go on the road and go out to rural Manitoba to have—if they are seeking information on those issues, why do you think they will not go out to seek information on the sale of MTS?

Mr. Chairperson: Mr. Hallick, for your last answer.

Mr. Hallick: It amazes me that the government is hell-bent on passing Bill 67 by next week. Here we have a \$1-billion Crown corporation. Everybody likes to say the shareholders have a stake in it, yet we are not being asked. It is out of touch with reality. It lacks common sense that this committee is not on the road. Like I said before, there are 56 working members. You could have two or three committees covering this province quite easily.

Mr. Chairperson: Thank you very much, your time has expired. Thank you for your presentation.

I would like to now call Erwin Baummung. Erwin Baummung. Not here, name will go to the bottom of the list. Anthony Riley. Anthony Riley. Not here, name will drop to the bottom of the list. Carol Masse. Carol Masse. Not here, name will drop to the bottom of the list. Margaret Hayward. Margaret Hayward. Not here, name will drop to the bottom of the list. Bill Sloane. Bill Sloane. Not here, name will drop to the bottom of the list. Jean Dixon. Jean Dixon. Not here, name will drop to the bottom of the list. Fred Tait. Fred Tait. Not here, name will drop to the bottom of the list. Ken Sigurdson. Ken Sigurdson. He is not here, name will drop to the bottom of the list. Chris Tait. Chris Tait. Not here.

Moving over to No. 193. Ken Rosentreter. Ken Rosentreter. Not here, name will drop to the bottom of the list. Henry Reske. Henry Reske. Not here, his name will drop to the bottom of the list. Isabella Proven. Isabella Proven. Not here, name will drop to the bottom of the list. Larry Reske. Larry Reske. Not here, name will drop to the bottom of the list. Stewart Hamilton. Stewart Hamilton. Not here, name will drop to the bottom of the list. Raymond Froese. Raymond Froese. Not here, name will drop to the bottom of the list. Ken Winters. Ken Winters. Not here, name will drop to the bottom of the list. Wayne Sotas. Wayne Sotas. Not here, name will drop to the bottom of the list. Brad McDonald. Brad McDonald. Not here, name will drop to the bottom of the list. Andy Baker. Andy Baker. Not here, name will drop to the bottom of the list. Elgin Tapp. Elgin Tapp. Not here, name will drop to the bottom of the list. Anna and Irwen Frolick. Anna and Irwen Frolick. Not here, name will drop to the bottom of the list. Mel Christian. Mel Christian. Not here, name will drop to the bottom of the list. Lydia Spitzke. Lydia Spitzke. Not here, name will drop to the bottom of the lists. Laura Henderson. Laura Henderson. Not here. The name will drop to the bottom of the list. That concludes our out-of-town presenters, right? Okay, that concludes our out-of-town presenters' list. We will now begin at No. 1 on the persons registered to speak, and I would like to call Herb Schultz to come forward. Mr. Schultz, do you have copies for distribution?

Mr. Herb Schultz (Private Citizen): Yes.

Mr. Chairperson: The Clerk will distribute them. You may proceed when you are ready.

Mr. Schultz: Mr. Chairman, members of the committee. Before I begin with a presentation, I would like to make a comment. About an hour ago, in response to one of the presenters, the gentleman here, whose name I did not catch, with the poppy, stated that the government had had a number of meetings out in the country with Chambers of Commerce and municipalities and had given them the information that they needed on this issue. In the event that he was not here yesterday evening, I wanted to inform him that the president of the Union of Manitoba Municipalities was here last night stating that his organization, representing 166 municipalities in three cities and a number of LGDs, were unalterably opposed to this sale. Just in the event you were not here last night.

* (2020)

Mr. Chairman and members of the committee, I am here to deliver a message, but before I do that I want to refer to the document in front of you and obviously I am not going to have time to read this, but I would like to ask that all of this be included in Hansard. If you will just follow me down the page here, I am just going to be quoting brief sections here. This is a—oh, I am sorry. It is absolutely essential that the minister be here for this presentation. I did not realize that he had stepped out. May I step back one and let somebody else in ahead of me.

Mr. Chairperson: It is just the practice of the committee that the ministers will grant leave to each other and sit in their place.

Mr. Schultz: I appreciate that, Mr. Chairman.

Mr. Chairperson: Minister Derkach is filling in for Minister Findlay.

Mr. Schultz: What I have here is a transcript of an interview with the minister on CBC. I believe for his sake, as well as everyone else's, that he ought to be here for this.

Mr. Chairperson: It will be recorded in the Hansard proceedings because you risk the chance of moving down the list quite a piece.

Mr. Ashton: I would suggest we accommodate the presenter. I am sure the minister will be back shortly.

We can perhaps take the next presenter and come back. I think it is reasonable in this case. I am not being critical of the minister; I mean we all have to step out of the committee for a few minutes.

Mr. Schultz: Mr. Chairman, I am sorry. The reason I am saying this is because there are some comments in here that reflect on the minister, and I think he should be—

Mr. Chairperson: Can I interrupt you for a sec. Mr. Tweed.

Mr. Tweed: The practice is because of the time lengths that we sit that the minister will move in and out for personal needs, and to accommodate everybody who makes this request, he would be asked to be here at all times. I suggest that you ask the presenter to continue and the minister obviously will have a chance to read all the statements made.

Mr. Ashton: I think it is the first time a request has been made, and I am not in any way, shape or form being critical of the minister having to leave. We all have to leave the room at certain times. I just thought that the presenter made a fairly reasonable suggestion, that is, that he be able to go perhaps after the next presenter when the minister does arrive back. Since obviously the presentation involves the minister directly, I think it is only fair, Mr. Chairperson, and I just do not see what the problem is. We have other presenters. We can go right to the next person on the list, and Mr. Schultz could present as soon as the minister gets back.

Mr. Derkach: I can assure the presenter that his comments will be recorded. They will be passed on to the minister. It is very difficult to say to one presenter that we will hold your presentation until the minister gets here while others have to present in front of the committee regardless of who is in the chair. As a member of the Executive Council, I can assure the member that I will pass the comments on and, indeed, Hansard will also record all comments and that will be made available to the minister. Besides that, the presenter has given us a recorded copy of his comments, and those will certainly be read by the minister.

Mr. Schultz: As you wish.

Mr. Ashton: Mr. Chairperson, I was just pointing out that there is a transcript here which is being presented.

This is not the presentation of the presenter, it is an oral presentation. It will take some time for the Hansard to be prepared, and I am not suggesting that this be a standard practice, but we accommodate. We have accommodated a number of people—

An Honourable Member: Yes, you are.

Mr. Ashton: To the member for Turtle Mountain, I am not suggesting it be a standard practice. We have made a number of accommodations. We did yesterday, we have done it today as well. I just think it is fairly reasonable and I am not being critical of the minister. The minister obviously will be back fairly shortly and if the minister is back within five, 10 minutes, I do not see what the problem is, why the presenter cannot present at that time. I just do not see what the difficulty is on the government side. This is not by motion; it is by leave of the committee. It does not have to set any earth-shattering precedent that might ruin the functioning of this committee. I would appeal to the government members to accommodate a fairly reasonable request.

Mr. Chairperson: I think Mr. Schultz had indicated that he was prepared to proceed.

Mr. Schultz: I believe it would be in the interest of the minister and of this committee for the minister to be here. If you wish that I continue, that I proceed, then I would.

Mr. Chairperson: Yes, please continue.

Mr. Schultz: All right. What I have here, what you have here before you, is a transcript of an interview with CBC or by CBC with the Minister responsible for MTS. I want to read parts of this. CBC asks, what is the reason behind the privatization of MTS? Mr. Findlay responds, I have to set the stage back in 1988; MTS had a debt of 91 percent, and the pension fund was underfunded to the extent of \$134 million, and we had to spend some \$600 million-plus putting private lines into rural homes, and we had to upgrade our switches to digital technology. Then obviously that was a big load for MTS to carry.

Then he goes on: We went through that, and the corporation did very well in the next eight years. They made \$160 million between 1988 and 1995, which is an average of \$20 million a year. They fully funded the pension, and the debt ratio went from 91 percent to 78.

Now I would say that is highly commendable. As minister I thought that was great news, and then—but until the Crown Corporations Council report to us in August of 1995.

Now I would like you to mark that date, August of 1995.

Then he goes on: I will have to read some of the comments they made. They said MTS is being challenged by aggressive competition and rapid technological change. Then, if I may just skip down to the end of that paragraph, he said: And here is where the kicker comes, and I quote, and I am now quoting Mr. Findlay quoting the report: Because of the uncertainty of the industry and the high debt-to-equity ratio of the corporation, council has addressed the business risk confronting MTS as high with negative risk trend.

Now I mention again the date, August 1995, and if you will just flip over to the bottom of page 3, we have again here CBC says: Mr. Findlay, you have heard this before, that prior to the election people like you and Mr. Filmon denying that privatization was even on the table; then after the election we have this. Why not wait until the next election so that Manitobans can vote on this? And Mr. Findlay responds: Because of the rate of technological change, MTS cannot wait two years. And then he states: The whole thing came fully to our attention in August or September of 1995. We engaged the advisers who reported to us in the spring of 1996—now the advisers were the brokerage companies—and we are moving on.

Now let us go back to page 1, and again that paragraph where he is quoting from the 1995 report of the Crown Corporations Council. Now I know that these reports are generally not read by anyone who is not paid to do it. It was not that I was doubting the minister's word, but since he was being so highly complimentary of MTS, and then suddenly he gets this report from the CCC saying, look you have a disaster on your hands, I decided to get a copy of the report and read it. And what I have here is this. This is the report completed April 28, 1995. That was three days after the '95 election, so obviously the government could not have had this report if they did not know the disaster that was looming.

What I read here in this report is: Council was satisfied that the strategies adopted by MTS are generally appropriate and consistent with those of other telephone companies. MTS has been implementing a number of initiatives to streamline the organization and reduce costs. One of MTS's most successful initiatives has been to implement downsizing, and I understand that is on track. One of MTS's key strategies is to continue to improve its financial strength by improving its debt ratio. MTS has implemented a policy in the last few years to reduce the level of capital spending and finance all from its internally generated cash flow.

You know, that is stupendous. I expect there is not a company in the world right now that is not borrowing money, and MTS is maintaining a state-of-the-art operation out of its own cash flow.

Then the CCC goes on: Council believes that the management and board of MTS are taking prudent and appropriate steps to minimize the risks facing the corporation. Then I kept turning pages here, looking for this crucial paragraph that the minister had quoted, and it took me some time to find it, but I finally did. Indeed it reads: MTS is being challenged by aggressive competition and rapid technological change. And then—but this is where the kicker comes, and I quote: Because the uncertainty in the industry and the high debt-to-equity ratio—the Corporations Council has assessed the business risk confronting MTS as high with negative risk a trend, which is precisely what Mr. Findlay quoted.

Well, obviously when the government received a report like that it attracts notice. I can just visualize the Premier looking across his desk to his pal Mike Bessey and saying something like, will no one rid me of this troublesome plant? Obviously the government had to do something, but there is just one little problem. This is not the right report. This report was completed on April 25, 1996. The government did not have this report when it made its decision to call in the financial advisers, the brokerage companies and to sell MTS.

Now, Mr. Chairman, you will have noticed from the presentations made last night that there are many people in this province who are suspecting that the government's entire case is fraudulent. There is a great deal of difference between suspecting and the proof, and what you have before you now is the proof that the government has developed a fraudulent case.

Now if I may get to my message, which is this, that under the circumstances with this information in front of it, I suggest, and I have been told to make this a friendly suggestion, that this committee has little option but to adjourn and ask the government to appoint a judicial commission with power to subpoena to study this entire issue and, if the committee does not wish to do that, then it will be done for you. The second part of the message is that if the sale of the shares—

Mr. Chairperson: You have two minutes left.

Mr. Schultz: —commences, then legal action will be taken, and it will go as far as it needs to go and decisions will have to be made. Can government say anything before an election, no, no, a thousand times no, and immediately after the election proceed to do precisely the opposite of what they had promised? And, secondly, who owns a publicly owned corporation? Can a government say, no, we are not going to sell it, and immediately after the election proceed to sell it without reference back to the owners?

Now, these are questions that are sooner or later going to have to be resolved. They will be. Well, of course, if the government feels that it is perfectly clean, that there are no skeletons in the closet, that no one will ever find out who knew what when, that your case is better than ours, that you are perfectly secure, that your lawyers are better than ours, then you have no problems, except of course that the people of Manitoba will lose the most efficient telecommunications corporation in North America.

If, however, you lose, moves will be made to declare the sold shares as stolen property in which case the law will be invoked that as stolen property they can be recovered by the original owners without compensation. In other words, those who buy the shares will lose their money.

I have made my presentation and delivered my message and, unless there are questions, I will leave you to your deliberations.

Mr. Chairperson: Thank you for your presentation. Questions?

Mr. Ashton: The presenter puts a very interesting angle on a whole series of statements which have been made by

the minister that just do not add up. We already knew that the minister in September of 1995, September 26, told me when I asked about the possible privatization of MTS, he stated to me in committee that the only person talking about privatizing MTS was myself, the only party was the NDP.

In fact, this document has pointed out, he is saying the whole thing came fully to our attention in August or September of 1995. This is the same minister who in committee this year said that they interviewed the investment brokers, seven of them, beginning in September and October. In fact, they reached a contract with those three brokers I believe in the middle of November. This was being done at the very moment the same minister in committee, Mr. Chairman, was saying they had no plans to privatize MTS.

Now, you have already mentioned what the First Minister said in the election. He repeated that in May of 1995. I am wondering, now that the minister is here, if you have any comments to the minister over what appears to be another example of an outrageous statement.

Mr. Schultz: I specifically asked the committee to wait for the minister's return. You decided not to do that, so the minister will have to take his chances. My point is that the document that the minister has been using to justify the decision to sell MTS was not in existence when the decision was made. This is not a case for sale. This is a justification of a decision that had been made a year earlier.

Mr. Ashton: Well, if the minister wishes to try and once again correct the record, given the many statements he put on the record that do not add up, I am sure that as long as it does not take time away from some of the questions, we would like to ask the questionnaire that we would be more than prepared, by leave, to do it, because, Mr. Chairperson, I think the presenter asked some very good questions.

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): Is the member referring to Crown Corporations Council comments that I have used and Crown Corporations Council referred to at quarter report that was published in August of '95?

Mr. Chairperson: Quarterly report.

Mr. Schultz: You have in front of you a transcript of your interview with John Bertrand on either the 17th or 18th of '96. I am quoting from the interview, and I am quoting from the document that you quoted from, and it is the wrong document. You are a year out of date. You cannot have had that document.

Mr. Ashton: Mr. Chairperson, to the presenter, I am just wondering how you can sum up a government that is dealing with a public asset as important as this to Manitobans when there are so many—I have got to be careful with my language here—so many misstatements, I think you used the word fraudulent. Are you suggesting, sir, that this government had an existing agenda, that decisions were made and that to a large extent what the government is doing right now is trying to cover its tracks and make it appear there was some process other than a preconceived agenda, which probably predated the election campaign, to sell off MTS regardless of the facts?

* (2040)

Mr. Schultz: I am saying that the government is presenting a fraudulent case, and the proof is in the words of the minister. Under those circumstances, I really do not know how you can continue.

Mr. Ashton: I find it absolutely outrageous that again we are seeing more examples of the fact, the degree to which this government will go to mislead the public and to mislead this Legislature and the members of the public before this committee. You mention about appointing some sort of a commission, and I want to address that. Do you see any legitimacy to this sale whatsoever if it is being conducted in such a disreputable fashion and when you have ministers who clearly—a minister of the Crown and the Premier—put comments on the record that are not factual?

Mr. Chairperson: Mr. Schultz, for a quick answer.

Mr. Schultz: Had the government, as we did with Autopac in 1969, campaigned on that issue and been elected, it would have had the right to do what it is doing. It did not. It took the opposite position; it then reversed its position. I am suggesting that it cannot do that without reference back to the people, and now that we find their entire case is fraudulent, and I want a

commission. We want a commission to investigate when the decision was made, who knew what, when, how many people were involved, who was present, who was privy to the information. Did the brokers have previous information? I want to unravel the whole schmeer.

Mr. Chairperson: Okay. Thank you. Your time has expired. Thank you for your presentation.

Mr. Ashton: Mr. Chairperson, I have a matter relating to procedure, and I want to state that as someone who has been on the receiving end of many of these twisted and untrue statements coming from this government and the minister and hearing again further evidence of the degree of misrepresentation we have seen, I believe this presenter has an excellent point.

I do not know how we can continue in this committee when we are not getting even the most basic factual information from this government. I believe that people outside of this Chamber may be the only ones who can get to the bottom of this. I believe this is just as—the way the government is dealing with MTS—scandalous as the scandal that people referenced earlier in the building of this Legislature. We are seeing brokerage firms selling MTS that made the recommendation to sell it.

We are seeing statement after statement being made by this minister and the Premier that are not factual. We are seeing on a daily basis that we have been misled as both members of the Legislature and the public, and I believe there is no point in continuing in this particular committee. My preference would be to see this matter dealt with independently, and that is why I would move that this committee do now adjourn.

An Honourable Member: That is not a point of order.

Mr. Ashton: It was not a point of order. I was recognized.

Mr. Chairperson: A motion has been made that the committee do adjourn. Is there discussion?

Mr. Derkach: Well, Mr. Chairman, this is the way this member has been conducting himself in the last few days, both in the House and in committee. It is obviously a very cute little political stunt that he plays out continuously in the House, and we all know his little

antics that he carries on within the House and in committee.

So we are dealing with a serious matter here. Presenters are going to come forward with presentations, and indeed we could spend hours debating those points, but presenters do make their positions in committee. They have 10 minutes, and there are five minutes allowed for questions. The minister, quite rightly and very promptly, answered the question of the presenter, and I mean we can debate this thing forever and a day, but indeed I, for one, have to indicate that individuals from Manitoba who have come forward here to make a presentation should be heard.

I do not know whether my colleague across the way is a little tired this evening or whether he wants to get home early, but whatever his motivation is I can tell you they are not sincere because we are here to do the government business, and we will. Therefore, I would agree that this committee should continue as it has been scheduled to continue.

Ms. Wowchuk: Mr. Chairman, the member for Thompson (Mr. Ashton) has put forward a motion which I want to support. The presenter that we just heard, Mr. Schultz, has just put some very important information on the record, that being that there are serious inaccuracies in the information that was put forward. I believe, along with all the other information that we have heard, that it would be right for this committee to adjourn and take the suggestion that someone be appointed and that we have this investigated. This is not antics, this is very serious business, and we want to have all evidence brought forward. We want to assure that all Manitobans know what is going on, and I would urge you to accept this motion and adjourn this committee.

Mr. Tweed: Mr. Chairman, I, too, would just like to comment on the member for Thompson's comments. He talks, and I think as government members we have certainly come tonight, as we did last night into the wee hours of the morning, to listen to the presentations that were put forward by the people of Manitoba and their concerns in regard to the bill that is before us.

There is some discussion about serious inaccuracies. I would say that some of the things, the presentations that we have heard, there has certainly been a little bit of

misinformation probably coming forward that whether we want to debate them in this particular forum or not I think what we are here as members to do is to listen to the public.

I would like to just suggest that the document that the member for Thompson is moving forward with in regard to the serious inaccuracies basically starts out, and I will read for the public that do not perhaps have this document, when we discuss about inaccuracies in presentation and what we are saying and what we are seeing. It reads: CBC John Bertrand, October 17 or 18—we are not even sure what day this interview took place. If we want to discuss inaccuracies, Mr. Chairman, and I would suggest that the member for Thompson has brought forward a very serious motion, a motion that we probably all should discuss and partake into the discussion with, but are we trying to present a motion based on—and again I would just suggest, an inaccuracy of what date it actually took place. Is it the 17th or is it the 18th? To bring forward a serious motion like this, I think we are basing it on inaccurate facts, and I would say that again when this type of motion is brought forward, it should be brought forward with the seriousness of the intent of the motion.

We have sat here for several hours and we are continuing to listen to the people of Manitoba. I think we have been patient. I think that we have been certainly understanding to the conditions. We have made allowances for people that have had to travel. We have made allowances for people that through no fault of their own have had a need to make a presentation earlier in the evening. I think we have certainly been polite in our reception of the people that have put forward the motions.

* (2050)

I would really question that the member's motion would be out of order, based on the inaccuracies of the information that has been provided to him. I would suggest that you rule the motion out of order and that we continue on with the job of listening to the people of Manitoba and what they have to say in regard to Bill 67. As Mr. Ashton has relentlessly pursued the idea of us being here tonight is to listen to the people. Unfortunately, there is only one member of this committee that seems to be wanting to continually shut the people of Manitoba out of the discussion, and I would

certainly want that put on the record that I think that Mr. Ashton's behaviour has been purely political. It has been politically motivated and driven from the get go.

I think that the government here, on this side, has been very patient, very outgoing, very understanding, and I would ask that you rule the motion out of order, and we can proceed with the committee hearings as we have before us.

Mr. Ashton: I find it absolutely amazing that the member for Turtle Mountain, a Conservative member, would talk about inaccuracies of whether the statement was made on October 17 or 18. Mr. Chairperson, this government in the election said, we will not sell off MTS. That is the only inaccuracy that has any significance. They misled the people of Manitoba and for the member to quibble over the day on which this comment was made I find absolutely unbelievable.

I heard the comments, Mr. Chairperson. I listened to that radio show. Those comments were made by the minister. I also heard the minister tell me in committee, it is in Hansard last year in September, that they had no plans to sell off MTS—September 26, 1995.

Mr. Chairperson, I believe that I was misled. The public was misled. I believe that the presenter today has pointed again to one more incorrect, nonfactual statement, and I want to say to the members on the government side in this committee, I do not think there are too many people from the public tonight, from what I understand, who would have any difficulty if we were to adjourn this committee, get to the bottom of what is really going on. We can come back anytime in the future although, quite frankly, let us get this bill dropped.

Mr. Chairperson: I have been informed that the motion put forward is in order. However, it is nondebatable, which we have had debate on, so therefore we will have to put it to the question.

Point of Order

Mr. Derkach: On a point of order, Mr. Chairman, if the motion were not debatable, then that should have been acknowledged and done in the beginning. Now that we have allowed debate, you cannot cut off debate in the middle of the motion. I do not believe that that is possible, and I think that if Mr. Ashton has been allowed

to put comments on the record twice, I certainly have some comments that I would like to put on the record, because you have set precedent by allowing him to debate the motion. Therefore, I want, as a member of this committee, the ability to be able to put some comments on the record in order to be able to debate this motion fully so that an impression is not left in any way which favours Mr. Ashton's position.

Mr. Ashton: Mr. Chairperson, if I might be of some assistance, I can add an aspect to the motion which will make it debatable, and I am more than glad to debate this. What I suggest is that I can withdraw the motion and move a motion which will be debatable.

Mr. Chairperson: A motion to adjourn is nondebatable.

Mr. Ashton: But, Mr. Chairperson, a motion to adjourn with conditions is debatable. I am withdrawing my motion if that—[interjection] Well, to accommodate the member. I want to debate this. I have been trying to debate this with the government all across Manitoba. They refuse to debate it, other than in the confines of this building when it is convenient with them. I am quite willing to move a motion that is debatable.

Mr. Chairperson: Sorry, there has to be unanimous consent for you to withdraw your motion from the table. Is there consent for the motion to be withdrawn? [interjection] Then the question is to be put, the motion for the committee to adjourn.

Voice Vote

Mr. Chairperson: All those in favour of the motion, please indicate yea.

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

* * *

Mr. Ashton: Now that is off the floor, I would move that this committee do now adjourn to allow the

Legislature to review the inaccurate statements made by the Minister responsible for MTS (Mr. Findlay) in regard to the sale of MTS.

Mr. Chairperson: The question has been called.

Mr. Ashton: Mr. Chairperson, I thought we were going to have a debate on this particular matter. I think it is only reasonable—

An Honourable Member: Call the question. The question has been called.

Point of Order

Mr. Ashton: Well, Mr. Chairperson, calling a question, on a point of order, for the member, is not a motion. If the member wishes to have a motion moved of moving the previous question, but I was attempting to be recognized to explain this matter to the committee, and I thought the government members wished to—

Mr. Penner: Mr. Chairman, on a point of order, I would move that the question now be put. Now you got a motion.

Mr. Ashton: Mr. Chairperson, you cannot rise on a point of order to call the question. I have been recognized to speak. I would appreciate it if I could explain the motion. In fact, I have it in written form which is the usual way of proceeding.

Mr. Chairperson: Is there agreement with the committee to have a short five-minute recess? I think we have to confer to see whether this is according to the rules and regulations. [agreed]

The committee recessed at 8:56 p.m.

After Recess

The committee resumed at 9:13 p.m.

Mr. Chairperson: Committee, back to order. I have reviewed the motion and it is in order. It reads that, moved by Mr. Ashton, that this committee do now adjourn to allow the Legislature to review the inaccurate

statements made by the Minister responsible for MTS in regard to the sale of MTS.

Mr. Ashton: Indeed, I appreciate the opportunity to speak to this particular matter. Quite frankly, Mr. Chairperson, we are getting very frustrated in the opposition; I think many members of the public are. Not a moment goes by in which we do not seem to get more evidence of a private agenda that the government has had to sell off MTS for quite some time. I just talked to a member of the public who attended a community forum during the election in, I believe it was, the Glenwood Community Club, who just told me that he asked the question to the Premier (Mr. Filmon) and the Premier said, no, they were not going to sell off MTS. We have known that already. We have known that what the government said in the election, what it is doing now is not the accurate truth. But we are seeing—

Mr. Chairperson: Mr. Penner, on a point of order.

Point of Order

Mr. Penner: On a point of order, I would ask, Mr. Chairman, that you very closely consider the motion and what the motion indicates, and that we actually speak to the motion. The motion is an adjournment motion. It is a simple adjournment motion, and I would ask you to ask Mr. Ashton to address his remarks towards the adjournment motion.

Mr. Chairperson: On the same point of order, Mr. Ashton.

Mr. Ashton: Yes, Mr. Chairperson. I think the member opposite has missed the fact that we are now dealing with a motion to adjourn, and if you perhaps would care to read the motion into the record to allow the Legislature to review the inaccurate comments made by the Minister responsible for MTS in regard to the sale of MTS. So the motion deals very specifically with those inaccurate statements, and I have been referencing, and in fact when I am allowed to proceed to debate the matter, the many inaccurate statements that were made by this minister and this government. Those comments are most definitely in order on this motion.

Mr. Chairperson: Thank you. I will take that point of order, and I would remind all members that when the

discussion does occur that that discussion does occur on the entire motion. Mr. Ashton, to continue.

* * *

Mr. Ashton: To continue, Mr. Chairperson. In reference to what happened in the election, in May of 1995 the government said, the Premier at that time said—and I asked this question, first question I asked in the session after the election, was whether the government had any plans to sell off the Manitoba Telephone System. The Premier at that time said no. But what is particularly I think applicable in this committee tonight and particularly applicable in terms of this minister is that I asked the same minister on September 26, 1995, the same question. I mentioned this before, the minister said that I was the only one talking about privatization of MTS, that the NDP were the only party talking about privatizing MTS. That was September 26. They had no plans to privatize MTS.

I want to counterpoint that with some of the information we are seeing coming forward almost on a daily basis in terms of what was actually really going on, Mr. Chairperson. The whole thing came fully to our attention in August or September of 1995. Well, this is what Mr. Findlay stated to CBC, and I had an opportunity, by the way, to talk to Mr. Schultz in the recess, and Mr. Schultz indicated at that time that he has a tape of the program and I believe the date on the program was—

An Honourable Member: Not a date. No date.

Mr. Ashton: No date on it, but I can confirm it was on the Friday, which would have been October 18. So for the member for Turtle Mountain (Mr. Tweed), who was so concerned about the possibility of a difference of a day or two, there is a tape I can reference what was stated by the minister. The minister stated it came to their attention in August or September of 1995. Well, Mr. Schultz has provided information that perhaps some of the information, the document that Mr. Findlay was referring to, was in fact tabled at a much later date. You know what I find interesting is it does not matter which way you cut it on this one, the minister was misleading the public. He was misleading the public.

Mr. Chairperson, on the one hand, the minister either, as Mr. Schultz I think has rightly pointed to, took

statements that appeared in a later report and is attempting to establish some kind of a paper trail for the so-called decision-making process, or on the other hand, when I asked the question on September 26, 1995, the minister was not telling me the truth, because he stated, in his own words, that in August or September of 1995 this matter came to their attention, the situation at MTS. In fact, I think the Premier (Mr. Filmon) has tried to say this as well, that the beginning of the end for the MTS we have come to know happened around August of 1995. If that is the case, why did the minister mislead me in the committee on September 26? Mr. Chairperson, either way it does not matter what explanation the minister puts forward, he was misleading me and members of the public.

But it gets worse. It was worse because, at the same time, on September 26, 1995, the minister said, we have no plans to privatize. The minister came back this year in committee, and do you know what the minister said? I mentioned this earlier. He said they went to the seven brokerage firms in September and October of 1995 to select the final three brokerage firms which were brought in to do this so-called analysis. Okay?

An Honourable Member: So no decision was made.

* (2120)

Mr. Ashton: Well, the member across the way, the member for Roblin-Russell, says, no decision was made. The minister in the committee said there were no plans, no consideration, no discussion, only the MLA for Thompson, only the NDP were talking about privatization. At the same time they were interviewing the seven investment brokers, by his own words, starting in September and in October to select the three investment brokers that then went and prepared the report which was used as the basis for the privatization.

Let us continue, Mr. Chairperson, because this tangled web gets more and more tangled. According to the Premier in the Legislature, these three brokerage firms were selected in November, finally selected in November. Interestingly enough, they did not announce this to the people of Manitoba. Do you know how it was announced to the people of Manitoba? We learned from people in the investment community in Winnipeg that these brokerage firms had been hired.

We asked the question in the Legislature. The government then admitted they had appointed these three investment brokers, and guess what. They then put out a press release announcing they had appointed the three investment brokers. Very interesting. It took the opposition to get them to even announce that.

Well, let us go ahead a few months. We asked the appropriateness of calling in the investment bankers in December. Well, we said at that time how inappropriate it would be to have people who could potentially benefit from the sale coming in. The Premier was one who stated on the record at that time concerns about the possibility of that being the case. That is why he said there were three investment bankers appointed. But anyway, you know what? We did one correct thing. In January this year we launched a campaign to save MTS, because you know what? We did not believe the government, we did not trust them, we had absolutely no faith in anything they were saying on MTS, because we believed that the fix was in, that this decision predated the election, that a small group of people decided they were going to sell MTS, they were going to get past the election. If they had to not tell the truth in the election, they would do that, and they would do anything possible to sell MTS.

Well, let us continue with the inaccurate statements made by the minister because, while these three investment bankers were proceeding, we were getting a lot of people across Manitoba who were saying, do not sell our Manitoba Telephone System. They were writing to the minister, they were phoning the minister, they were phoning the Premier. Mr Chairperson, do you know what they were saying? They were saying, you do not have the right to sell off our phone system. We want input, we want public discussion.

I quoted into the record yesterday a letter that had been written to one of those individuals March 1. He said at the time, the minister responsible for MTS, that contrary to reports that were made, no decision had been made. There would be public discussion before any decision would be made in terms of MTS.

Well, that letter was written to many Manitobans. I went to a meeting in Brandon. There was a gentleman there from southwest Manitoba, a rural community. Do you know what he said? Well, I cannot use the exact word he said, but he said the minister did not tell the

truth to him and he felt betrayed, senior citizen being told there would be public meetings, and do you know what happened? Not only was there no public meeting before the decision was announced, there was no public meeting held after the decision, not one single public meeting.

Let us go one step further in this supposed decision-making process. Mr. Chairperson, on April 30 the three investment bankers produced the report, a seven-page report which was addressed to the Treasury Board. The three investment bankers called the MTS Financial Advisory Group, 161 Bay Street, Toronto, Ontario, looked at only three options: recapitalization of MTS, the status quo, and the complete sale of MTS. Guess what? Surprise, surprise, the investment bankers did one thing. They recommended that it be sold off. We still do not know how much money was paid for that report, the minister took that as notice. We would like that information, because I would suggest that if they paid one cent for that report they paid too much, because these are the same people who are going to be benefiting from the sale.

What do you expect? I mean, I have a lot of good friends who are real estate agents. If I call someone over to look at my house, do you know what? I would suggest that if I was going to ask what it is worth and the rest of it, they might say, hey, why do you not sell it? I mean, investment bankers are in the business of what, these brokerage firms? Of selling off companies. Well, they made that recommendation. Keep that date in mind. It is coincidental, as Mr. Schultz pointed out, the timing of the Crown corporation review at that time, also, by the way, the release of the MTS report at that time, the end of the fiscal year, which just finished a few weeks before. It went on April 30 to the Treasury Board. The following day it went to the cabinet. The following day it was announced, it is a done deal.

Mr. Chairperson, when I say a done deal, the minister has said repeatedly on the record, oh, it is too late now. He was saying this back in June. The decision is made. There is no backing down on this. That was without one single vote of the Manitoba Legislature. Without any public meeting or discussion, that decision was made.

Now, I want to just look at that. Does anybody honestly believe that this government could make that kind of decision between April 30 and May 1? By the

way, I have said it was a two-day process. It was actually a one-day process, because what they did is, they went first to the Treasury Board, second to the cabinet, and when they went to their caucus on the Thursday morning, it was to announce the decision that had been made. Mr. Chairperson, they did not even go to the MTS board, not even to the MTS board. These, by the way, have all been confirmed by the minister in the House.

Mr. Chairperson, something does not add up with this picture. Something does not add up with this picture. The minister all the way along has not been giving Manitobans an accurate statement of what has been happening.

I have been involved in political debates. To members who have been trying to question my role in this, I will state on the record, I will use every parliamentary tactic I can to stop the sale of MTS, because I think it is wrong. I also believe that we in the New Democratic Party have the people on our side on this.

But you know what, Mr. Chairperson, that being said and done, I have been involved in many debates and discussions and issues, but I have never seen this kind of misrepresentation on an issue that is so important to Manitobans. As of November 7, if this government has its way and pushes through this bill, a company we have owned since 1908, as presenters have said time and time again, will no longer be there. If there is one thing we owe to a company that has served us as well as MTS, a Crown corporation that has served all of us since 1908, it is a proper public process.

Mr. Chairperson, it starts with one thing, and that is honest and accurate information. I suppose in one sense I can never forgive the government for saying one thing in the election and doing another, but I am prepared to fight that in an election campaign. I know they did that on many other issues, whether it be the Jets or health care, et cetera, but I find it absolutely incredible that since the election, not only has the government not come clean with the people of Manitoba, I believe what they have done, they have destroyed any credibility of any public decision-making process. They have no credibility whatsoever. They have misled me and every member of the Legislature and every member of the public. I do not believe anything they say anymore on MTS, because they

have proven that right from the start they had one agenda, to sell off MTS and the heck with the public.

I think it has gotten to the point where perhaps we need to follow up the suggestion that was made by Mr. Schultz, because you know what? I am prepared to put to any objective body the process that has been made here. I also believe, Mr. Chairperson, that we should move the decision itself to the most objective body in Manitoba, the people of Manitoba. I believe the people of Manitoba should have the right to have a say in the sale of MTS.

But, Mr. Chairperson, I really believe the place to start is right now. The reason this motion was moved to adjourn the committee—and by the way, I have talked to many people in the break. Many of the people here tonight would be more than glad to adjourn this committee, to get to the bottom of this and finally force the government to explain to the people of Manitoba the reality of the decisions they made. I would say, the vast majority of the public of Manitoba would support this motion, because you know what? The sad part of all this, the bottom line here is, if MTS is sold off on November 7, I think that the process that has been followed will have been a sham, and I think that the sale itself will be nothing short of a scandal.

This government has no right to deal with MTS this way and, Mr. Chairperson, that is why I move this motion and why I would urge government members to finally be honest and truthful with the people of Manitoba and allow in this case the Legislature and hopefully a third party to get to the bottom of this. I believe it is an absolute scandal, and the only way to get to the bottom of this is to adjourn this committee right now and get someone who can get to the bottom of this and get some real facts out there for the people of Manitoba, who I hope will have the chance to make the final decision on MTS.

Mr. Jennissen: I would like to support my colleague on the motion of adjournment, and I would also like to point out that we are dealing here with a billion-dollar Crown corporation. This is very serious indeed. Regarding the process of gathering information or getting truth from the members opposite, it has been a most difficult and rather tangled web indeed.

In fact, to back up what my colleague had said, I asked the minister, I believe it was at the end of April or early May because of a letter that I received from the City of Flin Flon, from Ken Shoemaker, the secretary-treasurer, asking whether the minister was intending to sell MTS without full public hearings, and the letter that he received back—in fact, I tabled both letters. The letter that he received back from the minister was that this government would never consider selling MTS without full public hearings and, furthermore, that the Premier (Mr. Filmon) would never allow this without full public hearings. Well, we have never had public hearings.

So I, again, support my colleague. I think this is such a serious issue, we cannot just let it die here; we need to have a fresh pause and need to look at this again. There is too much at stake here.

* (2130)

Ms. Wowchuk: Mr. Chairman, the motion that has been put forward is indeed very serious and I would hope one that this committee would consider that way, and in fact adjourn this debate and take the opportunity to return it to the Legislature and have the opportunity to have an independent body look at the allegations that have been put forward.

Now it has been said more than once that the government did not tell Manitobans that they were going to sell MTS. They continued to say that they would retain it as a Crown corporation in the election. The most serious thing that I want to address is a concern that has been raised by Mr. Schultz. Mr. Schultz has said, has made accusations of fraud having taken place. These are serious accusations.

This is our company. This is a billion-dollar asset that belongs to the people of Manitoba and a situation like this cannot be taken lightly. We have asked also that all Manitobans have the opportunity to have a say on the sale of this asset. That has not happened. The government has not allowed the people across this province to have input into this discussion, and I would urge you and all members of this committee to take this motion very seriously and adjourn this committee and let an independent body look at these accusations so that there will not be a dark cloud hanging over the decision made by this government.

Let it all be laid out on the table. Let us look at what the government's real agenda is here. When did they make the decision that they were going to sell MTS? What is the purpose? Who are the benefactors of this? Because we all know that it is not going to be Manitobans that are going to benefit; it is going to be the people who are going to be selling MTS, the people who did the study on MTS for the government, and we have other concerns as well. If the government can do what they are doing with MTS, putting it up for sale without the people of Manitoba having a say, we, who are the shareholders, what is next? Is it going to be Manitoba Hydro? Is it going to be Autopac? Where is this government going? But above all, we have to take out any shades of doubt that there are in the minds of people, where the activities of this government are not in the best interests of Manitobans.

I urge the members of the government side to recognize that the cloud that will be hung over them for proceeding with this committee and proceeding with the sale of MTS without having it looked at carefully by an independent commissioner, by an independent body will be a dark cloud over them, and I urge them to accept this motion and adjourn this committee.

Mr. Chairperson: Ready for the question?

An Honourable Member: Question.

Mr. Chairperson: The question has been called.

Voice Vote

Mr. Chairperson: All those in favour of the motion, please indicate yea.

Some Honourable Members: Yea.

Mr. Chairperson: Those opposed, please say nay.

Some Honourable Members: Nay.

Mr. Chairperson: In my opinion, the Nays have it.

Mr. Ashton: On division.

Mr. Chairperson: On division. The motion is defeated on division.

* * *

Mr. Chairperson: To resume presentations, I would like to call forward Rob Hilliard. Could you identify yourself, and you will be speaking for Mr. Hilliard?

Ms. Sylvia Farley (Federation Co-ordinator, Manitoba Federation of Labour): My name is Sylvia Farley. I am a federation co-ordinator for the Manitoba Federation of Labour, and I will be speaking in place of Mr. Hilliard.

Mr. Chairperson: Is there leave from the committee to allow Ms. Farley to present? [agreed] Please proceed.

Ms. Farley: First, for the record, we would like to say that we are appalled that the committee will continue with this process, given the issues that have been raised here, without an adjournment so that we can get answers to those questions.

The Manitoba Federation of Labour is opposed to Bill 67 in its entirety. There is no amendment possible that would make it acceptable to either the federation or the affiliated unions that it represents. The attitude of this government toward the existence of publicly owned companies and agencies is well-known. To the Conservatives' credit, they have not attempted to even disguise their contempt for public ventures, except as a way to cover business costs with public money, while leaving the private sector free to maximize profits. The Conservatives make no secret that they are ideologically committed to withdrawing the public presence from the economy, no matter if the public enterprise is sufficient or not, but there is a role for the public presence in our economy.

The Canada that we know today is very much the product of a mixed economy, the co-existence of a strong and vibrant private and public enterprise. Our history is one that is made up of a multitude of examples of this co-existence.

Public enterprise has been the tool that many governments have used to achieve specific goals. In some cases, it was the tool that delivered necessary development that private enterprise refused to undertake because of the cost and magnitude. Canada's share of the canals and lock system that make up the St. Lawrence Seaway, a national railway system, airports, telephone systems, electrical utilities, water and natural gas utility

systems and the national broadcasting system are all in existence today because of the public's willingness to underwrite their development. In some of these examples, the public took over failed private sector companies that did not have the skills or determination to do the job.

* (2140)

The public sector has been used to deliver key and vital services to the people of Canada to ensure their quality, confidentiality, universality or to offset regional disparities. Examples in this category include our high quality national medicare system, education, pensions, public insurance, social security, corrections and agencies that protect the public safety. The public sector has often been utilized to accomplish important public policy objectives such as job creation and preservation, affordable housing, economic stabilization and stimulation, regional development and protecting and fostering our cultural heritage.

In addition to direct public investment, many private sector initiatives would not have been undertaken without public assistance sometimes on a massive scale in the form of grants, subsidies, tax breaks, tax holidays, research transfers, or through direct equity investment. The public sector has played an integral role in the development of our country's economy and in many ways has been a tangible expression of our national character.

For much of the past two decades, there has been increasing inclination on the part of governments to accept the advice of such corporate financed right-wing lobby groups as the Fraser Institute, the C. D. Howe Institute, the National Citizens Coalition, the Business Council on National Issues, the Canada West Foundation, the Canadian Federation of Independent Business and the Chambers of Commerce which base their policies on the doctrine of privatization. To further this, these organizations and the governments they influence have carried out a very effective communication strategy to minimize the contributions of public sector and the mixed economy. They have been successful in casting the public sector and its workers as the principal demons responsible for the public debt, deficit budgets and inflation.

(Mr. Vice-Chairperson in the Chair)

The underlying reasons for this campaign are obvious. Until recently, successful labour relations climate in the public sector has resulted in fairer wages, working conditions and benefits than generally exist in the private sector. Private sector employers view this as increasing pressure from their own workers for similar conditions. They view areas of public sector activity as lost opportunity for profit. That this campaign has been successful is evidenced by the privatization record. In addition to high profile and well-publicized examples such as CNR, VIA Rail, Petro-Canada and Air Canada, this list of privatized public sector services includes child care services, occupational training, municipal services, postal services, rail branch lines, health care sector services, patient transportation, private education funding increases, recreation facilities and Crown corporations. Many of the privatization examples that one can point to have occurred with little or no public opposition because of the success of the deliberate campaign to discredit public sector workers and the programs for which they have responsibility.

The Conservative's justification for privatizing MTS is a variation on that theme. They say communications is an increasingly challenging field, one that public sector workers cannot hope to survive in. Well, the good news is Manitobans are aware that the telecommunications utility that they have built up over nearly a century is well run. They know that revenues realized by their utility are used for the development in Manitoba or are returned to them in the form of reasonable rates. They know that their utility is able to undertake service expansion, particularly in rural and remote areas that profit-focused private companies would never willingly undertake.

Unfortunately, they know, or soon will, that none of these things will be true after their asset is sold into private hands. The nature of public enterprise is to balance high income areas off against the cost of delivering service in rural and remote areas that do not generate substantial income. This is not a feature of privately owned utilities. For example, what assurances do the people of Flin Flon have that their subsidized monthly rates for basic telephone service will not soar from \$12 a month to an actual cost of \$43 a month?

The government is determined to make a publicly owned utility with an excellent profit potential into a private entity. It makes no sense from an economic

standpoint. We thought the government had identified a lack of income as a major problem facing Manitoba. Why would the Conservatives want to get rid of a Crown corporation that will be a long-term money maker?

MTS is one of two telecommunications utilities in North America that remain in public hands. All of the rest have been sold off to the private sector. There is a very good reason for this. The public sector knows that there is a tremendous earning potential in the future of communications, and the governments that the private sector controls know that as well. But the Filmon government is doing far more than handing its friends a gift. It is removing government from direct contact with the telecommunications field. It is giving up the main tool to ensure that future telecommunications policies and services will reflect the needs of Manitobans. Communications is the essence, the engine of the future information economy, and this government is giving it away. Not only is it giving it away, it is removing an important asset from the people of Manitoba that they have no hope of reassembling in the future. This is so thanks to another policy that this government supported, the Free Trade Agreement and the North American free trade. The Tories are not only making a binding decision on the people who live in Manitoba today but for all future Manitobans.

In conclusion, the government is proceeding with the privatization of the Manitoba Telephone System. It is doing so without a mandate from Manitobans. It is stealing a tremendous asset from the people of Manitoba, but it has no right to do so.

Mr. Vice-Chairperson: Two minutes.

Ms. Farley: We fear that other Crown corporations will soon find themselves on the auction block, including Manitoba Hydro and the Manitoba Public Insurance Corporation. The government should withdraw Bill 67 and seek approval from Manitoba for their privatization plans. Thank you.

Mr. Vice-Chairperson: Thank you, Ms. Farley.

Mr. Penner: Mr. Chairman, the case has been continually made that there has been equity in our telephone system. Can you tell us what the rates in this province were prior to any private entry into the system in rural Manitoba versus urban Manitoba?

Ms. Farley: What I can tell you is that if you take a look at the different rate groups, if I am looking at Camperville, I know that the consumer now pays \$11.30 opposed to what it actually costs, \$49.27.

Mr. Penner: Can you indicate to me, when cellular service came into Manitoba, that many of us in rural Manitoba could not get access to cellular service. Had it not been for other companies entering the marketplace, many of us might still not have cellular service.

Ms. Farley: What I would respond to the question is that if it had been in the hands of the private companies, you may not have had a service at all.

Mr. Penner: Well, the fact remains that in southern Manitoba we did get private cellular service much before MTS provided private cellular service to us in many parts of the province. There are still parts of the southeast part of the province that I represent where you still cannot use cellular service.

Similarly, I have heard a lot about fairness and equity and rate-setting ability, yet my telephone rates have gone down very substantially over the last four years since we have allowed competition to enter the marketplace. Why is that? Rural Manitobans, I would argue, have picked up a large share, a much larger share, than urban Manitobans have over the past number of years when there was no competition simply by the fact that we paid a very large amount of money for every distance call that we made beyond our local little communities. Everybody in rural Manitoba picked up those additional costs.

My average phone bill is way beyond \$200 a month, and I charge anyone in this room and the city of Winnipeg, a private citizen, even operating a little business out of your house, who of you pays \$200 a month in telephone bills? That is what we were faced with in rural Manitoba. Many rural Manitobans are going to have seen a very significant reduction in their telephone bills, net, payable.

So I ask you again, can you demonstrate for me where the equity was in the system prior to competition being allowed into the marketplace?

Ms. Farley: Through the Chair, first of all, thank you for sharing that with me. Second, I do not have specifics, but I will also respond to you by saying that I am not sure

where those private companies would leave the profit that they make as a result of handling that service in Manitoba. We know that the profits that are made through the Manitoba Telephone System now stay in the province of Manitoba.

Mr. Vice-Chairperson: Thank you very much for your presentation this evening.

Point of Order

Mr. Ashton: Mr. Chairperson, on a point of order, none of us in the opposition have had any chance to ask the presenter any questions. Could I have leave to ask some questions? I realize the member opposite maybe wanted to filibuster our time that way. I am quite willing to give leave—

Mr. Vice-Chairperson: Excuse me. You wish to ask a question, Mr. Ashton?

Mr. Ashton: Yes, Sir.

Mr. Vice-Chairperson: By all means, please do.

* * *

Mr. Ashton: Thank you. I want to ask the presenter, since the member was talking about cell phone service, and first of all, if she is aware that MTS has the highest cell phone coverage, I believe, in the country, something, by the way, that was confirmed by the minister in committee, it is expanding into Flin Flon, expanded into Thompson, Swan River, something that Cantel, the private company, has not done, and if you are also aware that MTS, which is publicly owned, is one of the only—there are only three provinces in Canada that are basically in the process of eliminating party-line service—there are a few committees that are being phased out at the end of this year—and that they are all provinces that either have had or do have publicly owned phone service.

I am wondering if you feel that perhaps those advantages we are getting are because we have a publicly owned phone service that is concerned about rural and northern Manitobans and does put an emphasis on rural and northern service?

Mr. Vice-Chairperson: Ms. Farley, with a very quick answer.

Ms. Farley: Through the Chair, respectfully, I could not have put it better myself. Yes, I do. Thank you.

Mr. Vice-Chairperson: Thank you very much for your presentation.

I call Chris Dooley. Chris Dooley. Do you have copies of your presentation for the committee?

Mr. Chris Dooley (Choices): Yes, Mr. Chairman, I do.

Mr. Vice-Chairperson: Okay, you may proceed.

Mr. Dooley: Good evening, Mr. Chairman, honourable minister and members of the committee. My name is Chris Dooley, and I am speaking on behalf of Choices: A Coalition for Social Justice.

Choices is an extraparliamentary body which is committed to analysis of and education about social, political and economic issues. Our membership includes over 900 individuals and groups, representing households throughout the province of Manitoba.

* (2150)

Choices is deeply concerned about the intent that this government has expressed in advancing in this session a legislative package comprising more than 70 bills.

This package will fundamentally alter the face of the province of Manitoba. In effect, the changes wrought by this legislative package will create two Manitobas, one for the rich, one for the poor. The already unacceptable rift between the haves and the have-nots will be further widened by changes in health care which encourage extra billing and create unelected regional health boards with sweeping powers; by changes in social assistance laws which make way for the introduction of workfare; by changes which make it more difficult to speak out on public issues for unions; by changes in labour law that delay worker's access to workplace justice; by changes in the governing structures of our universities in a way which limits academic freedom and makes universities more responsive to corporate rather than social and cultural needs.

In many respects, the most disturbing element of this legislative package is Bill 67, The Manitoba Telephone

System Reorganization and Consequential Amendments Act. It is most disturbing, not just because of what it does, the selling off of a profitable public utility, but for the process that has been followed leading up to the announcement of the sale.

The Manitoba Telephone System was created in 1908 by the Conservative regime of Sir Rodmond Roblin. Roblin recognized that MTS was a good commercial proposition, that profits would belong to the people of Manitoba, and that only by creating a government utility with a mandate to serve the public good could the people of Manitoba be assured access to the best and most affordable telephone service.

In the intervening years, little has changed. MTS offers the lowest overall rate schedule on the continent and has one of the most advanced rural telephone infrastructures in the world. Notwithstanding that it must compete with private carriers and notwithstanding that this government has required it to sell off some of the most profitable services to private companies like Faneuil ISG and Shaw Cable, MTS has still made profits of over \$100 million in the last five years, and in 1995 made \$15 million in profit in addition to paying down some of its debt.

Given the substantial evidence that MTS is not in crisis, that it is a well-run, competitive and indeed profitable corporation, the proposed sale represents a fundamental breach of trust on the part of the present government.

Simply put, the government has no mandate to sell MTS and indeed has made an electoral commitment not to sell MTS. During the election campaign in the spring of 1995, it made repeated and explicit promises not to sell off the telephone system. These promises were repeated in the House in the fall session and, as recently as March of 1996, the government is on the record as having no declared intention to sell this utility.

If we are to accept the explanation of the government, the decision to sell off MTS was made in less than 24 hours last May following the receipt of a report from three brokerage firms who, I might add, have a vested interest in this sale.

This is duplicitous behaviour and has violated the trust of the people of Manitoba. The government of Manitoba

does not own the Manitoba Telephone System. MTS is owned by the people of Manitoba, and the government's role is that of trustee. As a trustee it is charged with ensuring that the interests of the people of Manitoba are protected.

In the private sector, a trustee is not empowered to sell a company without the explicit instruction of the owners. There is an analogue in the public sector, and that is that a government should not be entitled to sell off a major Crown corporation without the explicit instructions of the electorate. That is, a mandate to sell can only be obtained in the context of an electoral platform. The sale of MTS had no place in the electoral platform of this government and that, further, the members of the Progressive Conservative Party explicitly promised during their campaign that they would not sell the corporation means that the government has no mandate to sell off the company and to do so would constitute nothing less than theft and the fraudulent betrayal of the relationship of trustee and owner.

Duplicity and betrayal do not end in hiding the intent to privatize this company. MTS has spent nearly half a million dollars on an advertising campaign intended to reassure Manitobans it will be business as usual after privatization.

In a special bulletin of the MTS employee news dated May 2, 1996, Premier Filmon is quoted as saying, "Our first priority is to ensure Manitobans continue to control MTS. That way, all they have come to love and trust can be protected."

This is simply not true and to make this claim is to conceal from Manitobans the real ramifications of privatization. The meaning of Section 14(3) is clear and unambiguous. Any apparent protections that are offered to Manitobans in Bill 67 are immediately repealed by this section the moment that Manitoba Telecom Services clears its debts with the Province of Manitoba.

At this point, Telecom Services will be free to lift all the restrictions on the consolidation of shares, to merge or combine with another company and indeed to leave Manitoba altogether, unrestrained by provincial legislation or by any requirement to act in the public interest of Manitobans. This should be deeply disconcerting to all Manitobans who have come to rely on

MTS. MTS provides 4,500 quality, largely unionized jobs, and its annual participation in the Manitoba economy is on the order of \$450 million. The loss to the economy, should the new corporation export jobs and profits, is substantial. More importantly, Manitobans can be almost certain that they will witness their phone rates rise as a consequence of this sale and those in poor or remote areas may even find the level of service reduced.

Section 4(2) of the act says, quote: "The preamble in subsection (1) shall not be construed so as to restrict the business that may be carried on, or the power that may be exercised, by the corporation or its affiliates."

The meaning of this clause is clear, the provisions specifically overridden by this clause or those which require the company to take into account "the public interest," and which require the company to continue to provide customary service to its present customers. The business of a private corporation is to make money. This clause is a licence for the new MTS to raise rates and abandon customers in the name of profit.

We have every reason to believe, contrary to the claims of this government, that the rates will indeed rise and rise rapidly if MTS is privatized. The best available analogue to MTS privatization is that of Alberta Government Telephones. The most recent figures show that AGT's residential rates have risen by between 42.9 percent and 54.1 percent since December of 1995. Proposed increases for January 1, 1997, will see this disparity rise to 108.5 percent. The explanation for this is quite simple. As a private corporation, AGT has to pay corporate income tax on its profits. With its debts no longer guaranteed by the government, AGT has to borrow at commercial rates increasing its debt servicing costs, and as a corporation trading on the Toronto Stock Exchange, it must show not just steady profits but increasing profits in order to satisfy its speculator owners.

We can expect the same for MTS. The government promises that the CRTC will protect us from rate hikes. Surely the minister is aware of CRTC decision 96-4 which granted a rate increase to AGT three times that which it allowed MTS—

Mr. Vice-Chairperson: Two minutes.

Mr. Dooley: —on the grounds that we increase those profits to a margin acceptable to the investment community. As rates go up, more and more Manitobans will begin to lose their phones. This is not just about issues of ideology, of public versus private, although that seems to be all the government is willing to consider. It is about jobs. MTS employs 45,000 people in quality jobs, jobs that a private company may export. It is about the economy. MTS generates \$450 million of annual economic activity in Manitoba. Will the private company consider the importance of buying Manitoban?

* (2200)

It is about poverty. Family Services does not recognize access to a telephone as being necessary for social participation. As rates increase, how many poor Manitobans will surrender their phones and be socially isolated or lose their capacity to apply for a job? It is about the further disenfranchising of the traditional shareholders, the people of Manitoba. It is about the abandonment of rural and northern communities. It is about putting private profit ahead of public good.

We own an efficient, affordable and indeed profitable phone system, and the government is planning to give it away by selling undervalued shares to profiteers. If this government wishes the people of Manitoba to continue to harbour any illusions that it has any respect for democracy and democratic process, it must withdraw this legislation now as unamendable. If it insists on pushing this legislation through without any meaningful public consultation and without a legal mandate, it will simply demonstrate once again its contempt for those which it has been entrusted to serve.

Mr. Ashton: I want to thank the presenter for dealing with the issue of regulation of rates because the document—I was going to say the government, but it went out on MTS letterhead—sent around as part of that \$400,000 campaign talked about regulation and said, trust us, do not worry. We have CRTC regulations. The Premier (Mr. Filmon) repeated this again today. You referenced the decision that was made involving AGT. I am wondering if you could perhaps confirm, for the edification of the committee members here, what AGT is allowed to make as a private corporation, according to CRTC, is a return on equity of between 10.25 percent and 12.25 percent. Now what happened in Alberta was

they made a mistake on their tax liability and that mistake made by a private company was passed through to the rate holders at the cost of \$70 million additional to the people of Alberta, because what the CRTC does is it passes on those kind of costs.

Mr. Dooley: Mr. Ashton's understanding of the question is impeccable. Mr. Ashton's understanding of the question is the same as mine.

Mr. Ashton: Mr. Vice-Chairperson, I think it is an important point because one of the key things the government is saying, oh, you do not have to worry about rates because of the CRTC. I am wondering if you can perhaps further explain, particularly the government members who perhaps do not understand the regulatory process that CRTC is engaged in, on exactly what the process is by which they regulate. For example, do they set a level across the country for phones? Do they require phone companies to have a certain rate or is it through application only?

Mr. Dooley: CRTC decisions are in fact made and decisions are made pursuant to requests made by individual telephone utilities. In some instances, telephone utilities submit requests jointly. That has been the habit of the Stentor group of which MTS is a member. What should be noted is that consistently MTS and Saskatchewan Telephone, which are the two publicly owned utilities, have been the least aggressive telephone companies in Canada with respect to pursuing rate increases.

The companies that have been most aggressive in the CRTC with respect to requesting rate increases have been those that have been recently privatized. The sterling example which I would draw to the committee's attention at this point is Alberta Government Telephones which was privatized between five and six years ago. Alberta Government Telephones has been, in fact, by far the most aggressive telephone company in Canada in pursuing full-cost recovery on local telephone rates.

Were full-cost recovery to be pursued on local telephone rates, we would see increases in local rate in some parts of the province of on the order of \$50 a month. In our mind, as Choices, this is unacceptable. Already, as the honourable members from the government have clearly pointed out, people in rural Manitoba have

to bear a considerable burden in terms of their regular calling patterns. We believe that were MTS to try and maximize its profits through full-cost recovery, which does seem to be the pattern being pursued by recently privatized telecos, that in fact rural Manitobans would bear a significant and proportionally much higher share of the burden.

Ms. Wowchuk: You mentioned in your presentation that it is about abandonment of northern and rural communities, and those are the communities that I am concerned about.

Under MTS, we have had the expansion where we have private lines almost in every home in rural Manitoba, although there are a few that are not there. We also have larger calling areas which is one of the reasons that we have lower long distance rates that the member for Emerson (Mr. Penner) refers to. It is the larger calling areas that have reduced our telephone rates. Do you believe that a private company would make the efforts to expand private lines or expand calling areas or invest to bring new technology to rural farm homes or to remote communities, or do you believe that a private company would abandon the rural communities?

Mr. Dooley: Indeed, I think that Ms. Wowchuk has put her finger on a very important point. What that recalls is the statement I made about Section 4(2) which specifically allows the day-to-day business of a telephone company to override concerns for the public good.

One of the things that this government has made considerable political gain on has been the extension of telephone services to the rural areas. Manitoba presently owns—

Mr. Vice-Chairperson: Thank you, Mr. Dooley, for your presentation.

Mr. Dooley: Mr. Chairman, I would like leave to complete my response.

Mr. Vice-Chairperson: Is there leave from the committee to complete the response?

Some Honourable Members: Oh, oh.

Mr. Vice-Chairperson: There is no leave. Leave has been denied.

Point of Order

Mr. Ashton: On a point of order, Mr. Vice-Chairperson. We have been sitting here; we were here last night; we were here until ten o'clock, 10:05; it does not require leave. It is a common courtesy that the Chair and you, yourself, have been allowing people to complete their answers. I suggest we follow the same practice. I think Mr. Dooley should be extended the same courtesy that every other presenter before us has had, 30 seconds or a minute to be able to finish his comments.

Mr. Vice-Chairperson: Mr. Ashton does not have a point of order. The committee has ruled that the presenter's time has expired and I am respecting the decision of the committee.

Point of Order

Mr. Ashton: A point of order, Mr. Chairperson.

Mr. Vice-Chairperson: Another point of order, Mr. Ashton.

Mr. Ashton: Yes, Mr. Chairperson, the committee has not ruled anything. The government members may wish to deny leave, we on the opposition side are prepared to give Mr. Dooley the 30 seconds or a minute it takes him to answer his question, something that has been extended as a courtesy to every single presenter that has come before committee starting from 6:30 last night.

So, Mr. Chairperson, the committee has not given any statement whatsoever. If you are suggesting the government members refuse to give leave, that is a completely different situation. By the way, I would suggest, I mean let us be reasonable here and give him 30 seconds. The same courtesy was extended to every other member of the public.

Mr. Vice-Chairperson: Mr. Penner, on the same point of order.

Mr. Penner: On the same point of order, Mr. Chairman. We have sat on this side of the table listening very diligently to Mr. Ashton waste time. First of all, he made the case that we should allow the members rural not to be dropped off the list, which we conceded because of road conditions, because of the sympathy that he had for people driving into this place to make presentations.

Now, we have delayed the process in this committee for better than an hour because of Mr. Ashton's rambling about issues that we have all heard about many times and now we are back here again on points of order constantly delaying the process of this committee. I ask, Mr. Chairman, to recognize the initiative that was provided, the response that you were given and proceed with the hearings.

Mr. Vice-Chairperson: What is the will of the committee? There has been a ruling by the Chair. Mr. Ashton has raised the point of order or a motion to hear the completion of the presenter's response. What is the will of the committee? I am putting that to the committee. Is there leave?

An Honourable Member: No.

Mr. Vice-Chairperson: No leave. There is no leave. I would like to thank the presenter for his presentation. Thank you. Next presenter, Mr. Dan Kelly.

Mr. Ashton: Mr. Chairperson, I am seeking to be recognized. This kind of thing should not be dealt with.

* (2210)

Mr. Vice-Chairperson: On the point of order, Mr. Ashton?

Mr. Ashton: No. I wish to move a motion that we extend the same courtesy to this presenter and other presenters that have been extended to presenters thus far to be able to complete their answers to questions, Mr. Chairperson.

Mr. Vice-Chairperson: Mr. Tweed. The motion is not before the committee yet.

Mr. Tweed: It would be on a point of order.

Point of Order

Mr. Tweed: Just to make the comment, Mr. Chairman, that 10 and five was agreed. Mr. Ashton has certainly wasted a lot of our time tonight here, and I would suggest that we just proceed. There are a lot of people here that have not presented tonight that have sat patiently and listened. I think in recognition of what the committee is here for, it is a standing committee to hear representation

on Bill 67, and I would ask that we continue with those procedures.

Mr. Vice-Chairperson: On the same point of order, Ms. Wowchuk?

Ms. Wowchuk: On the same point of order.

Mr. Tweed has just indicated that Mr. Ashton has wasted a lot of time. There have been many people who have made comments. I think that it would be much, much simpler if we would agree that when a person is giving an answer, let us offer them the common courtesy of letting them complete their sentence, complete their answer. That would be very simple, rather than continuing to debate it here. The public is here to make a presentation. They deserve to be allowed to have the opportunity to complete answers, and I think that this is just very, very ignorant on our part not to allow someone to complete their answer.

Mr. Vice-Chairperson: I am going to offer a suggestion to the committee because I think that what we have done here is we are delaying the whole process of what we are here for. I would ask the committee's indulgence to proceed with the presentations and certainly I believe that the presentations that are coming forward, we should be given the courtesy to hear those presentations. There is a 10- and a five-minute. The Chair is following the orders of the committee and I brought that to the attention of the presenter. The presenter has since left, and I have called Mr. Dan Kelly forward.

Mr. Ashton: Mr. Chairperson, you have a point of order on the floor, and you also have a motion. I believe you should rule on the point of order—

An Honourable Member: There is no point of order.

Mr. Vice-Chairperson: There is no point of order.

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Mr. Vice-Chairperson: There is a motion on the floor and I will read the motion to the committee. Moved by Mr. Ashton: I move that we extend the same courtesy to this presenter and other presenters to be able to complete the answers to questions.

Mr. Tim Sale (Crescentwood): Mr. Chairperson, I ask you—

Mr. Vice-Chairperson: To speak to the motion?

Mr. Sale: Yes, of course, Mr. Chairperson. What else would I be speaking to?

Mr. Vice-Chairperson: Mr. Sale, you may speak to the motion.

Mr. Sale: Mr. Chairperson, I ask you to step back for a minute and think of the Chamber in which we sit every day. When the Speaker wishes a speaker to cease their remarks, the Speaker does this or the Speaker stands. No time have I ever heard the Speaker cut off someone in mid-sentence at the beginning of any warning without any warning. The Speaker does not sit and look at her clock and her stopwatch and say, stop, Mr. Filmon, that is it. The Speaker says, time, and then when she wants to reinforce that, she rises, and eventually honourable members realize that it is time to stop. The most common of common courtesies is not to interrupt a speaker in the middle of a sentence.

You might do what Mr. Newman does, for example—one of your colleagues who I think you esteem—he waits at least until the person is taking a breath. You might do what Mr. Pitura did last night which was wait until the sentence was completed. But when you do what you are doing, you simply raise the temperature of the hearings, you increase the sense on the part of all of those here that you are not interested in what is going on. You are only interested in getting through this as quickly as possible because it is damned embarrassing.

Now, Mr. Chairperson, use the same procedures that the Speaker of this House uses, that the Deputy Speaker of this House uses, that your colleagues use. Do not be rude to the public.

Mr. Ashton: Mr. Chairperson, I want to say to the government members in this House, it seems every time I have attempted, in this case, to do something which I believe is legitimate and, as Mr. Sale the member for Crescentwood pointed out, is a common practice and was common practice in this committee until about five minutes ago, I am accused of wasting time. There have been various other accusations of grandstanding or politics.

To the members on the government side, I do not know how they run their caucus, but I know that in our caucus and I know that in our Legislature we have a common courtesy that you do not cut people off in mid-sentence. That is all I asked for. The motion, all it asks for is for Mr. Dooley and other presenters to be able to finish off what they were saying, and what I do not understand here is why it was quite okay starting at 6:30 last night until 1:15 in the morning, why it was okay starting at 6:30 today until about 10:10 to follow that way, and all of a sudden at 10:10 we have to cut someone off.

Is it that Mr. Dooley was representing Choices? Is it selective? Is it only certain people get cut off or are we now going to suggest that we cut off everybody in the future because at 10:10 all of a sudden it was divine inspiration and now we are going to change the rules in midstream?

Mr. Chairperson, the member for Crescentwood (Mr. Sale) pointed out what has been happening in other committees but, in this very committee, Sir, we have not been cutting people off in mid-sentence. I moved this motion because quite frankly I thought we were doing not badly up until that point in time, give or take some of the big disagreements. We did not agree with time limits. We have disagreements on other procedures, but I will raise motions, I will raise points of order, I will do whatever is possible to preserve the democratic process in this committee. One of the basic, fundamental aspects of any democratic committee process to my mind is courtesy towards the presenters, and that I think includes the minor, the minor courtesy of extending them the ability to finish off their sentence.

I would suggest that we not only pass this motion but seriously think as a committee where we are going to be headed in the next several days with these committee hearings if we are going to arbitrarily halfway through a committee hearing change the way we have been proceeding. Up until this point in time we have not had any great difficulty. Presenters I think have been very courteous. We have not seen anybody trying to filibuster beyond the five minutes. I think most people have been fairly courteous. A lot of times we have had questions where we would have preferred to go beyond the time. Mr. Penner asked questions. I asked for leave and leave was extended for one question. I noticed my two colleagues both had questions, but we recognized, even though we did not agree with the time limit, the time limit was in place.

So, Mr. Chairperson, I do not know why we even have to get into this. The logical thing to do here is, why do we not just get back to the rules we had before, which is to extend that courtesy. That is all this motion does. It is nothing new. We are just simply implementing the exact practice of this committee, and I believe if you would canvass the members of the public here, because I always find it interesting, every time we try and defend the democratic process in committee, all of a sudden the government members are very concerned about the presenters. I do not think most of the presenters would mind extending the courtesy of a 30-second additional time period for Mr. Dooley or anyone else to speak.

Mr. Vice-Chairperson: Is the committee ready for the question?

An Honourable Member: Question.

Mr. Vice-Chairperson: The question has been called.

Voice Vote

Mr. Vice-Chairperson: All those in favour of the motion, please say yea.

Some Honourable Members: Yea.

Mr. Vice-Chairperson: All those opposed, please say nay.

Some Honourable Members: Nay.

Mr. Vice-Chairperson: I believe the Nays have it.

Formal Vote

Mr. Ashton: Mr. Chairperson, I would ask for a counted vote.

Mr. Vice-Chairperson: A counted vote has been requested.

A COUNT-OUT VOTE was taken, the result being as follows: Yeas 3, Nays 4.

Mr. Vice-Chairperson: The motion is defeated.

* * *

Mr. Vice-Chairperson: I call Mr. Dan Kelly. Do you have copies of your presentation? You may proceed, Mr. Kelly.

Mr. Dan Kelly (Canadian Federation of Independent Business): On behalf of the Canadian Federation of Independent Business and our 4,000 members here in Manitoba, I am here before you tonight to offer our strong support for the privatization of the Manitoba Telephone System. As you know, CFIB exists to promote and protect the system of free and fair competitive enterprise in Canada. The privatization of the phone company fits extremely well with this philosophy. But the move to privatize MTS should be far more than an ideological or a political decision.

I want to tell you, the privatization of MTS is important and the right decision for a number of different reasons: (1) It will help us reduce our provincial debt; (2) It will help us end an unfair source of competition; (3) It will stem the need for new government investment in the Manitoba Telephone System; (4) It will help enlarge Manitoba's tax base; (5) It will help aid economic development; and (6) The privatization that you are proposing I think is being done the right way.

* (2220)

On the first point, reducing the provincial debt, I wanted to expand on that for a moment. As you know, CFIB research shows again and again that the single most important issue to our small businesses in this province is debt and deficit reduction. We have commended this government on many occasions, as we have the NDP in Saskatchewan, for their work in eliminating the annual budgetary deficit.

However, Manitoba is still faced with an enormous legacy of debt which will take decades to eliminate. With over \$650 million in debt, Manitobans are paying artificially high taxes today to pay off spending from yesterday. The evil of this debt cannot be overstated. In addition to keeping taxes high it has a very direct impact on our ability to create jobs. Privatizing the telephone system offers us an enormous opportunity.

While much has been said of the so-called profits that MTS provides to the province, it is important to realize that these profits have come at a tremendous cost, a

tremendous opportunity cost. The dollars that the province has invested in MTS could have been used to lower the provincial debt and to reduce the interest that we collectively pay on an annual basis.

The second major point, ending unfair competition. As you know, CFIB has often been a critic of this government in its attempts to operate what are essentially private sector competitive enterprises. I am lobbying hard on behalf of many of my members to prevent that the development that this government is proposing of a variety of special operating agencies that are designed to compete in the private sector. I have to look no further than the example of the Hadashville nursery, the Pineland Nursery in Hadashville, to provide you with an example of government getting into business on a very unlevel playing field.

Any time government gets into business my members get very nervous. The situation at MTS is no different. In fact, as the minister will attest, I have frequently been in contact with his office to raise examples of what is perceived to be unfair competition with a Crown corporation, whether it is cellular dealers, Internet suppliers or long distance resellers, MTS has moved into head-to-head competition in a variety of fields. This was not always the case. Years ago the monopolistic Crown-owned model to telecommunications made a great deal of sense. However, those days are gone. The estimates are that 70 percent of MTS's revenue comes from competitive marketplaces. I want to ask you, how would you feel if you were a private sector company and had to compete against a government-owned, tax-exempt utility that had unlimited access to your tax dollars and competed against you, and often unfairly? And it is not just large but small companies have also witnessed this unfair form of competition. Moving MTS to a tax-paying private sector organization removes many of these obstacles.

I think also it is important to realize that privatizing MTS will enlarge Manitoba's tax base. Unfortunately our revenue sources in this province are extremely limited, and we are forced to depend upon the small business community very heavily for our taxation. What we need is a large new number of private sector companies to expand the provincial tax base. That will bring in more money through corporate revenue taxes in the province. I also know that the government has made some moves to charge its Crown corporation taxes, but

we need to move the full way and privatize the phone company.

Another excellent reason for privatizing MTS is to stem the need for new government investment. I want to talk about a very difficult problem facing all businesses today which is staying current with emerging technologies. I can tell you that in my company, in the CFIB and in many other organizations, they are wrestling with this problem right now. What is going to be the new technology of the next decade? What are we going to do? Do we upgrade our computers now or do we wait for six months or do we wait for two years? These are decisions that the private sector should be forced to make rather than having our government put our tax dollars at risk to make these kinds of decisions. And even the private sector has difficulty predicting what the new technologies are going to be. I would put to you that a Crown corporation is in a far lesser way able to make these very important decisions.

With all of the enormous debt facing us as a province, how can we afford to put more of our tax dollars in jeopardy? Also, the privatization of MTS I think will aid economic development in this province, and particularly in rural Manitoba. One of the things that I think is forgotten in this is that there are two sides of the rate structure to MTS. There is the local services which are going up, and they are going up all across Canada, and they are going up in Manitoba even under a Crown status, but the other picture is long distance, and long distance, due to the competition. Those rates have come down and come down largely. That is an issue that we should not forget. That helps all of us. That helps all of us that are business owners but it also helps those of us that are consumers in lower long distance rates ourselves and also if the companies that we work for are more competitive because they can save money in long distance rates. That helps stimulate the economy right across this province, and that is an issue that I think is shared between rural and urban Manitobans alike.

I think that a private sector institution would be far better able to predict what the needs of the public are going to be. After all, I think if we ask any Manitoban, they get far better service when they visit any private sector company versus a private sector company. Service and prices are almost always better in a private sector organization than under a monopolistic public sector model.

I also wanted to raise one final point that I believe this privatization is being done right. I think that selling it to Manitobans first and selling it first and foremost to MTS employees is the excellent model that we should be following towards privatizing this phone company. I want to make sure that we try to keep as many MTS employees employed as long as is possible, and I think they have far better job security under a private sector institution than they ever will under a public sector one.

It is important to take a step back from this process, however, and look at what is happening in the rest of the country and the rest of the world. Governments all over the world are privatizing their services in order to increase efficiency and save our tax dollars. In fact, I was in Saskatchewan earlier today. I flew in specifically to attend this meeting, and the NDP there has privatized a large uranium company that it has owned.

Mr. Vice-Chairperson: Two minutes.

Mr. Kelly: That money is being used. The NDP has made a very wise decision to privatize what was a public sector company and is using that money to pay down the provincial debt. That is saving the people of Saskatchewan tens of millions of dollars in interest payments every single year, and I think their taxes will be lowered as a result.

Privatization, I believe, is the only hope for MTS to survive in the future. In the interests of the taxpayers, in the interests of keeping our business communities competitive in a global economy and in the interests of the current employees of MTS, I urge you to proceed with the privatization of this important bill. Thanks very much.

Mr. Vice-Chairperson: Thank you, Mr. Kelly.

Mr. Ashton: Mr. Chairperson, I would like to welcome Mr. Kelly back to Manitoba. I know we had an impromptu debate on the radio when he was in Saskatchewan. By the way, I appreciate his perspective on Saskatchewan. I am wondering if you also feel that—what is the position of the CFIB? Should the province of Manitoba not be doing what is being done in Saskatchewan, which is having public meetings throughout the province asking the people of Saskatchewan what they want to do with their Crown

corporations, including SaskTel? In fact, they have had very successful meetings. Would you not think that that would be a more appropriate process here than what we have followed through, which is a decision and the only input being this committee?

Mr. Kelly: I had the opportunity to read the report that came out of those public hearings, and I can assure you that these rooms were stacked. What happened was that we did not ask the right questions. In Saskatchewan, we did do a public hearing process on the future of their Crown corporations, and I certainly do not think that is a bad idea. I think a public review of these Crown corporations years in advance is an element that should be taken into consideration. However, I can assure you that the report, in our view, was stacked largely with those people who had a particular view. CFIB did make a presentation to that committee, however, and we urged the government to consider that.

* (2230)

They are bringing together a group of people from all over the world to discuss the future of Crown-owned enterprises. One of the things that is interesting though is the NDP is prepared in Saskatchewan to privatize some of its Crowns. They have shown their leadership in doing that, and I urge the government here to consider that model, not just for MTS, and consider that same model for many of the other Crown corporations that it holds. I hope that the privatization of MTS is the first of many to come.

Mr. Ashton: Mr. Chairperson, I am wondering—you know, I am surprised, you talk about stacking, and I know members across the way talk about these meetings being stacked, I mean, yes, by the Union of Manitoba Municipalities, the Manitoba Society of Seniors, who, by the way, incidentally are on the record as being opposed to the privatization. I notice, and you can correct me if I am wrong, my understanding about the CFIB is that there are not conventions or there is not a formal process for deciding matters, that essentially you decide based on survey. I appreciate this as being a survey of your members, but I am wondering if you do not see something wrong with the government itself not even doing what CFIB does. We can argue back and forth whether there should be a vote. I think there should have been a vote or it should have been discussed in the

election, but do you not think that the least the government should do is survey the people of Manitoba and get some consent for their position, because obviously when you speak today on behalf of CFIB, it is because you have surveyed your members. Do you not think the same principle should apply to the government as well?

Mr. Kelly: The CFIB follows a very rigid model. I am not prepared to speak on any issue until I have had a membership vote of my members. As you can see from the results that I provided you, a majority of our members, a clear majority of our members are supportive of the privatization of MTS. What I can also tell you is that the opportunity to privatize MTS is here and it is now. We cannot afford, in my view, to delay this very long. The privatization of our phone company, every single day that goes by I believe that the value of our telephone utility decreases. I think that we are putting at jeopardy the jobs of the people who currently work at MTS by delaying on this any longer, and under an ideal circumstance I would think that the government should have a large-scale review on the future of all of its Crown corporations. If you were to suggest something like that, that they should review privatization of Manitoba Hydro and review privatization of the Manitoba Public Insurance Corporation and the Liquor Control Commission, I would be prepared to support you in that view. But what I can tell you is with the privatization of MTS, the opportunity is here now and if we do not take it, we are going to put at risk the future of the 4,500 employees of MTS currently.

Mr. Sale: It is kind of probably just a coincidence, but the number of your voters who voted yes is roughly the number of Manitobans who said no to the current government in the last election. That just probably is a coincidence.

I wanted to ask you if you have a rural-urban breakdown of this. Can you break this number down in terms of where the yeses came from and where the noes came from?

Mr. Kelly: I can certainly provide you with that information tomorrow. I do not have it in front of me here tonight. What I can assure you though is that when we review our survey results before we put them on, those considerations are taken into account and there is a

majority support of privatization in rural Manitoba among our rural membership. However, I do not have the specific number to offer you. I would be pleased to provide you with that tomorrow if you would like.

Mr. Sale: I would appreciate that.

Mr. Kelly: Certainly.

Mr. Vice-Chairperson: Thank you, Mr. Kelly, for your presentation.

Mr. Peter Holle. Mr. Peter Holle, not here. Mr. Peter Holle will drop to the bottom of the list. Mr. Barry Shtatlan. Mr. Barry Shtatlan. Mr. Barry Shtatlan, not here, will drop to the bottom of the list. Mr. Albert Cerilli. Mr. Albert Cerilli, please come forward. Do you have copies of your presentation, Mr. Cerilli?

Mr. Albert Cerilli (Manitoba Federation of Union Retirees): No, Mr. Chairman, I will be speaking from notes.

Mr. Vice-Chairperson: Okay. Please proceed.

Mr. Cerilli: Thank you, Mr. Chairman, members of the Legislative Assembly. As president of the Manitoba Federation of Union Retirees, one of the organizations of some 41 retiree organizations in this province representing some 40,000 Manitobans, we oppose your tinkering with Manitoba Telephone System. Bill 67 is a bill designed simply to accommodate the will of this government to privatize an enterprise that has served Manitobans well.

(Mr. Chairperson in the Chair)

Just for the record, I want to put on the record that I have gone through the privatization of enterprise in the name of CN trucking or CN Express some nine, 10 years ago. Some 3,500 employees to 5,000 employees were finally given their due course when the federal government decided to appoint Justice Richard from the Maritimes supreme court to hear the tales of woe and what went wrong with that privatization scheme of the federal government. This system is no different. Almost 5,000 families went down the tube with their pensions, with their benefits, with their employment, with their wages and so on. So anybody who comes here and tells

you that it is the best thing since sliced bread for employees, I do not buy that notion. I have gone through it. I appeared before Justice Richard at the Delta Hotel a month ago, and the incidents he heard from some 80 former workers of that corporation, of miscarriages, attempted suicides, divorces and you name it—it is not a funny joke. Why do you not listen? I am here to present my views, and you are farting around there talking. Please listen to the speakers. [interjection] That is fine. He is here. He is not talking.

Mr. Chairperson: Please continue, Mr. Cerilli.

Mr. Cerilli: These people who are senior depend on the telephone system. Some of them are old, some of them are handicapped, and I will tell you, this will only lead into additional costs to an already fixed income. This PC government, under the premiership and leadership of Gary Filmon, prior to the last election lost the trust of those Manitobans who voted for them because of what you are doing today. Every piece of legislation that you have introduced in this House has a linking factor, one of destruction to destroy the unions and the workers who are involved earning a half-decent wage. In addition to that, you have now put the public school system as an enterprise along with the private, and that is a dangerous road. None of you would be here today without the public system.

I tell you and I warn you that this intolerable conduct of this government does not have the trust of Manitobans, and you have a moral obligation to go before the public and put your agenda to them which you never did during the election. Mr. Schultz here has proven to you that you have misled the public of this province and you have that moral obligation to go to them and present your agenda so that they can truly understand it and see what happens to you. You are only here to maintain what this province has and you cannot even do that with this destruction of all of the things that have any meaning to the public of this province.

I am going to take you back to 1965 when Justice Samuel Freedman made a report on the railway strike that gave us the window on the future on how to handle technology. In summary, what he said is that one segment of society should not unilaterally impose on another a hardship that would benefit them only, and they should not implement a change that would destroy a

community, and that is exactly what you guys are doing. You are not dealing with legitimate amendments to a piece of legislation, may they be labour, education or the telephone system. You have linked them all together, and if you read it closely, they all mean destruction for the labour movement, for the workers and our education system, and in this case, the telephone system.

You believe that as a PC government you want the blind trust of Manitobans. Well, you are not going to get it. I can tell you that right now. Why do you not travel through the province and listen to them? They will not give it to you. You want to be a paternal attitude system that we got rid of years ago. I know what is best for you. Well, it does not work anymore. You can take my word to the bank with it. You will say, oh, private enterprise, have you just heard, is the best thing since sliced bread.

* (2240)

Well, let me tell you, the private sector goes bankrupt more often than any public system, and those people are left hanging and so are the workers. Yes, blow your brains out. Your attitude, I am telling you, it is something else. I have never seen anything like it. You do not even have the decency to listen. I just outlined to you a privatization scheme of CN Express 10 years ago, nine years ago, of where up to 5,000 people went down the tubes, and you are laughing about it. It is not a joke. You do not put that kind of pressure on families.

I had to go back to the Second World War. In preparation for that war, read it, *The Rise and Fall of the Third Reich*. Your actions are similar as to that. The destruction of labour unions, the burning of books so that you can have your way and no one else's way. Read that. The rights of people are outlined in the United Nations. Why do not you guys read that? Then you will find out what it means to be humane on an approach that means something.

I just want to close off by stating that you have been misguided. I think I heard enough here tonight that leads me to believe that your only recourse to the allegations that were made here on the word of the ministers and the cabinet and the Premier and the Leader during the election was misleading Manitobans. Go to the people. Let us go to them and find out where you will be. Your caretaking days will be over. Thank you very much.

Mr. Chairperson: Thank you for your presentation. Questions?

Mr. Sale: Thank you, Mr. Cerilli. I want to ask a narrow question first. I believe that the federal government has gone through some privatizations apart from the CN Route, which was such a disaster, but specifically around airports and the air traffic folk, where they have offered workers the option of maintaining their pension status within the federal superannuation fund. They have offered them choices basically. Do you want to go with the new company? Do you want to stay with the old company? Do you want to put your pension that you have accumulated at a fixed amount in the old and build some in the new? They have given some choices.

What is your view of this bill in regard to the rights of retired MTS employees?

Mr. Cerilli: I think that what has to happen, and I have had this discussion with some of the workers of MTS, and I pointed out to them that here is your pension plan right now. Your best bet if you are going to—if this government privatizes it, do not monkey with it. Leave it where it is because you will draw more from that pension plan as it is even, may it be 35 years old or 40 or 55. I have always said that unless somebody can prove to me on that side of the ledger under privatization that they can match the benefit when I retire under this system, I am not going to touch it with a 10-foot pole. In fact, that is what we did with CN. The money stayed with the CN plan.

The new plan for the year and a half that they were in business, before the new owners swung with \$39 million and sold the properties under the bankruptcy and all of that stuff after they squandered their assets and everything else, they had not paid into the new pension plan. They had not paid the benefits for premiums. They did not remit taxes. They did not remit unemployment insurance. They did not even remit the Canada Pension Plan premiums that were deducted. So that is the problem I have with privatization.

Mr. Sale: Mr. Cerilli, under the current system my understanding is that the Government of Manitoba stands behind the Manitoba Telephone System in a pay-go scheme in which the telephone system is only partially funded. It is in the process of becoming fully funded, but it is not quite there yet.

What is your view of the rightful role of government in guaranteeing the existing pensions for which they already now have a guarantee but appear to be wanting to shed under the new legislation?

Mr. Cerilli: A defined pension plan, as I understand the superannuation that the MTS people belong to, the Manitoba Telephone System, is such that the government has to make up that or the agency responsible for the pension plan has to make that up and pay into my plan at retirement that amount of money that buys me so much percentage for each year of service.

If it is 35 years service—I heard the chap that spoke here from out of town. He has 30 years service. At 2 percent they would have to give him 60 percent of his best three years or five years, whatever the formula is. Those kinds of pension plans are the best in the system. There is no question about it and rightly so. They negotiated them and maintained—the other addition to that is the myth that is tied in with indexing. Employees that I have negotiated for always gave up a percentage point of wage increase to pay for any indexing, as in many cases in the defined pension plans. Money purchase plans or RRSPs, as they are called, are simply that; they are subject to the market and the interest rates that may buy you a pension, but never, never in my experience as best to that.

Ms. Wowchuk: Thank you, Mr. Cerilli.

Mr. Cerilli, if this legislation passes, we are told that 15 percent of the shares will be retained for Manitobans. Do you have any confidence in this legislation that Manitobans will be able to hang on to their shares once Manitoba Telephone is sold and the debt is paid off?

Mr. Cerilli: I really have to laugh at that, you know. I am already a shareholder. I own the system. So do you. Everybody in this room has a share in that system. Who am I, all of a sudden, I am going to be sold another share of something that is going to benefit something? I do not understand it.

That is why I say that the mixed-economy type of thing, the public and private sector, has worked well in Canada; however, to now go, put all your eggs in one basket on the private side and say this is the best system we know, that is a myth. Do not let anybody fool you; it is a myth. It does not work that way. When you are subject to the

system of the marketplace, you are also subject to all kinds of disruption, may they be bankruptcies.

Mr. Chairperson: Ms. Wowchuk, for a very quick question.

Ms. Wowchuk: One of the concerns I have is the service to rural Manitoba and the retention of jobs in rural Manitoba. Do you have confidence that, once this company is privatized, the new owners will have any obligation or will keep jobs in Manitoba?

Mr. Cerilli: As I said, I am only one organization of 40 that represents about 40,000 Manitobans, and a lot of them are in the rural system. They all fear the increases. You take Ontario, under any kind of a system, the rural community rates will increase. It will become harder, isolation will be thrust on the elderly and the handicapped. In my view, it will be a disaster, a complete disaster, and the increases will be out of sight. We are going towards a system where every time you pick up the phone, you are going to pay a toll. That is a fact. You pay the bill, but in addition to that, you watch and see what you are going to do to those people. You watch and see what you are going to do to those people; you are going to destroy their livelihood of existence and put more pressure on them because the life line will be cut off.

Mr. Chairperson: Mr. Cerilli, time has expired. Thank you very much for your presentation.

Mr. Cerilli: Thank you, Mr. Chairman.

Mr. Chairperson: I call Marilyn Weimer. I call Marilyn Weimer. Not here, the name will be dropped the bottom of the list.

William Seymour. Please come forward. Do you have copies for distribution, Mr. Seymour?

Mr. William Seymour (Private Citizen): No, Mr. Chairman, it is an oral presentation.

Mr. Chairperson: Okay, please proceed.

* (2250)

Mr. Seymour: Thank you, Sir.

My name is William Seymour. There are quite a number of extremely important points which I need to make this evening in this limited amount of time that I have before me.

Number one—and this point has been made loud and clear through hearings that have taken place since the previous evening, and I intend to make this point loud and clear once again, and I hope everybody that follows also makes this point loud and clear—the government of Manitoba has no mandate to sell MTS. During the provincial election in 1995, they promised that they would not sell the Manitoba Telephone System. The government repeatedly asserted in the House that it had no plans to sell off the company, even though it had commissioned appraisals of the company.

Nobody has studied the probable effects of the sale in detail. As I understand it, the government asked three bond rating agencies to do an appraisal of Manitoba Telephone System, not to study the impact of the sale on Manitobans. It is a serious difference here. By its own admission, Manitoba Telephone System has not even studied the effects of this particular plan to sell. Not only did the government promise not to sell off MTS, well, it has not held any consultations with the people of Manitoba on the planned sale.

Now, last time I checked the map of Manitoba, it is much larger than what is contained within the Perimeter Highway—Brandon, Portage la Prairie, Tadoule Lake, Lac Brochet, Thompson, Gods Lake Narrows, Emerson, Pembina, Steinbach, Souris, Boissevain, et cetera. People of rural Manitoba in the south, people in the Interlake and especially people in the northern part of Manitoba who have much further to travel, and, as I understand it, the transportation system is quite limiting, the road system is almost nonexistent. Quite frankly, you would have to be insane to travel on the roads that exist up there right now, particularly during winter. Those people have not had the chance to speak. I cannot imagine why. Just what the hell do you think—what the hell is going on here? Why are you not allowing these people to speak? Are they or are they not residents, tax-paying citizens of the province of Manitoba? I encourage this government—I will take that back—I demand that this government listen to these people. Do not make them come to you. You have to go to them.

Experience with other provinces has shown that private companies are likely to increase rates much faster than publicly owned companies. The example I wanted to use, and it has been used before, and I intend to use it, and I hope people behind me on the list also intend to point this out loud and clear, AGT, Alberta Government Telephones, recently received a \$6 per month increase compared to only \$2 per month here in Manitoba. It is rather straightforward math, I would think; \$6 as opposed to \$2. It seemed the people of Alberta under the newly privatized Alberta Government Telephone system seem to be getting ripped off here.

The government claims that the federal regulation is what protects Manitobans from rising telephone rates, but the Canadian Radio Television and Telecommunications Commission, the federal body that makes decisions about phone rates, allowed AGT to raise its rates not because it was losing money, but because it was not earning enough profit. Do you want me to mention B. C. too? I would be prepared to do the research on it. Do not challenge me.

Manitoba Telephone System has the lowest rates in North America. Among the reasons for this is that MTS is a nonprofit Crown corporation, although it should be interesting to point out that it makes substantial profits, which sort of flies in the face of the argument that Manitoba Telephone System is losing money. Now Manitoba Telephone System, in the first six months, as I understand it, of this year 1996, has made \$15-million profit. That means it is making money. I will admit I am not an economist. I suppose I have no idea of just how the hell that works, but the way I understand it, if you are making money, therefore there is no debt. Is that how it works? I think that is how it works.

Anyway, can rates stay low if the newly private company has to pay more tax, higher interest and must satisfy shareholder demands for higher profits every year? I begin to wonder. MTS is required to consider the public good and provide affordable service throughout the province. Bill 67 contained clauses that specifically overruled the requirement to put the public good ahead of profitability. MTS has a rate structure that ensures that rural and northern Manitobans do not have to pay as much as \$40 to \$50 a month for phone service. I wonder how long is that going to last under a private company.

The welfare system does not, for some bizarre reason which I cannot understand, recognize a telephone as a necessity. How many Manitobans living on fixed incomes will not only lose touch with friends and relatives—this next point I think is actually vitally important—how many will miss out on job opportunities because they do not have a phone or find themselves in danger because of rising rates forced them to give up their phones?

As I said during my presentation on Bill 36 which deals with the reorganization of social assistance in this province, employers in this province or anywhere, quite frankly, do not make house calls. I challenge this government to find one employer in this province who is prepared when they are hiring people to get into their automobile and drive the distance to the prospective employee, knock on the door and say, congratulations, you are hired. If you can find one, hey, you have proven me wrong. I will be fully prepared to accept it.

While we are talking on the job issue here, MTS employs nearly 4,000 people in Manitoba. These people are well-paid union jobs. Many of these jobs could easily be transferred out of the province under a private company. By keeping Manitoba Telephone System public, we ensure that the—

Mr. Chairperson: Two minutes.

Mr. Seymour: Thank you. We ensure that the \$4 million MTS and its employees spend money in the province every year, that it stays here in Manitoba. Now, I think your opinions on unions are quite clear. These are 4,000 well-paid individuals. They spend money in the province. It is a government that, for some reason, ideologically seems to talk about wanting to keep money in the pockets of the tax-paying citizens. Well, these are tax-paying citizens we are talking about here. If they lose their jobs, that is taking money out of their pockets. Cutting their wages, that is taking money out of their pockets. Are you or are you not interested in ensuring that people in this province keep their money in their pockets? I am beginning to wonder.

The government says that it needs to sell MTS to finance new technological development. Well, the fact is that under public ownership MTS was able to put in place one of the most advanced fibre optic cable systems

in the world and make a major investment in rural Manitoba. So why does the government not look at alternatives, such as amalgamating with SaskTel, Saskatchewan's phone company, which had indicated an interest in joining the two publicly owned phone companies, or issuing MTS bonds similar to the Hydro bonds so many people buy here in this province.

* (2300)

We have owned MTS since 1908. It is a well-run, profitable company. When we own MTS, we have a say in its future as well as our future, quite frankly. After it is sold off, we have no say in how it manages itself. Privatization of MTS opens the floodgates—

Mr. Chairperson: Mr. Seymour, your time is up.

Mr. Seymour: Fair enough.

Mr. Chairperson: Questions? Mr. Ashton.

Mr. Ashton: I would like to ask the presenter. Again you reference what has happened in Alberta and I think that is a key point because the government has been saying, trust us, do not worry, rates will not go up anymore under a private than a public company. Can you confirm to this committee that in fact in Alberta the reason it went up the \$6 a month was very specific costs that the CRTC passed on? Then, as you pointed out, the real question there was not whether AGT would be losing money. They went to the CRTC and said without the \$6 a month increase we will only be getting a 2 percent return on equity, and what the CRTC allows a private company is to have between 10 percent and 12 percent, in fact, 12.25 percent, so that the Alberta Government Telephones, or AGT, was able to go to the CRTC and say we made a mistake on our taxes and we want you to pass it on to the ratepayers.

Mr. Seymour: Yes, thank you, Mr. Ashton, I believe that to be correct.

Mr. Ashton: I am wondering what your thoughts are then of the government spending the \$400,000 on this propaganda campaign, which includes that infamous document entitled MTS Answers, which is attempting to say to Manitobans: You do not have to worry about your phone rates because of the CRTC. I mean, do you think

that perhaps that is not somewhat to be mildly misleading?

Mr. Seymour: Yes, it is quite interesting. We have been led to believe that the Manitoba Telephone System, time and time again it has been drilled into the heads of the people of Manitoba that the Manitoba Telephone System is in debt. I am kind of wondering where they got the \$400,000 from.

Ms. Wowchuk: You talked about MTS making the investments to improve telephone services in rural Manitoba, and, of course, with all the modern technology that we are talking about, there is going to be a need for even greater improvement to services. Do you think that a private company would make the investment to ensure that we have this modern technology just as we have private lines going out to farm communities and remote communities? Do you think the private companies will be prepared to invest to run a private line so that I can have this special and new technology at my farm?

Mr. Seymour: Quite frankly, I do not trust a private company to ensure that that technology is in place. A private company feels it is necessary that the bottom line is all-encompassing, that it is the most important thing, turning a profit. If that includes selling off the existing technology at fire sale prices, which, I understand, also occurred, if that takes place, if that is what required, I honestly believe they will do that. I sincerely hope that they have the best interests of the people of Manitoba at heart, but, quite frankly, I do not trust them.

Ms. Wowchuk: The opportunity to extend telecommunication and distance education is also very important to rural communities, and we had the opportunity to set up a test site in Swan River where Manitoba Telephone gave a special rate on the telephone so that we could see whether it would work, and we are very interested in having a continuation of distance education not only to Swan River but to many communities. Do you think that a private company would be interested in that technology or in giving special rates to ensure that we can have distance education to sites in Churchill and Swan River and in many communities in the North?

Mr. Seymour: I certainly hope so. I think it is absolutely vital that this takes place, but again, as I said,

a publicly owned company has the best interests of the people of Manitoba at heart, much better than a private company. Now we are talking about private companies here. Now what private company is this going to be? Does anybody know what private company it is going to be here?

An Honourable Member: AT&T.

Mr. Seymour: AT&T?

An Honourable Member: Very likely.

Mr. Seymour: It is an American company, right? I do not trust AT&T, for one thing. The money is not going to stay here in Manitoba, for one thing. As I have said, the new technology is among the best not only in Canada; I think it is quite possibly the world.

Mr. Chairperson: Thank you Mr. Seymour. Your time has expired. Thank you very much for your presentation.

Mr. Seymour: Thank you.

Ms. Wowchuk: Before you call the next speaker, Mr. Chairman, I wonder if you might clarify for the committee. Last night I believe the committee had an agreement that you would sit till twelve o'clock and then no new presenters would be called after 12. I wonder if you could clarify for the committee tonight whether those same rules are going to apply this evening.

Mr. Chairperson: Could you just bear with me for a minute? We just want to pull out what happened last night. Sorry for that delay. There was a motion moved last night and accepted of assessing the progress of the committee meeting at midnight and then not call names after that time and then agreeing to hear those people who were willing to register at the back. That was agreed to last night.

Ms. Wowchuk: I want to clarify. Does that same motion apply to this evening as well? The weather conditions, as you know, Mr. Chair, are not all that favourable out there. I think that if we are going to be adjourning at midnight or canvassing the House at midnight, we should be letting those people who are waiting here to make presentations know what our intention is.

Mr. McAlpine: Mr. Chairman, I believe that, if you canvass the committee, you will find agreement to adjourn the committee hearing here tonight at 12 midnight.

Mr. Chairperson: Thank you. That is my understanding that that would be done, and there would be no more calling of names after midnight, but those people wishing to present to the committee—

Some Honourable Members: No.

Mr. Chairperson: No. Just full adjournment.

Mr. McAlpine: No. Adjourn at 12.

Mr. Chairperson: Is that agreement among the committee to have full adjournment at midnight?

Mr. Sale: Are there any people who have arrived from out of town who since we got through, just to make sure that we do not send somebody home?

Floor Comment: I have to work tomorrow. I have taken two days off, and I will wait to present something here. That is a lot of money for me. I cannot afford another round; I will wait.

Mr. Chairperson: If the committee agrees, would you hear the out-of-town presenter?

Some Honourable Members: Yes.

Floor Comment: I am not out of town. I live in town, but I have to work tomorrow, so I cannot be here and at work at the same time.

Floor Comment: Mr. Chairman, if I may comment too. Last night I stayed here, and I presented for someone else after midnight. I am here tonight to present for myself, and I have no desire to come back tomorrow, given the weather. So I would ask that you extend the same rules to the people who are here. If they want to stay after midnight and speak, they should stay after midnight and speak, and the committee should stay too.

Mr. Chairperson: Is it the will of the committee to stay after midnight to hear those people wishing to still make presentations to the committee?

Mr. Tweed: Mr. Chairman, could I just make a suggestion that we canvass the audience right now and hear anybody that does want to present right now, the rest of the people who are available to come back tomorrow, and then we could adjourn at 12?

Mr. Chairperson: Would the committee agree to that?

Some Honourable Members: Agreed.

Mr. Chairperson: Okay. So is it agreed that we will canvass the audience for those people who wish to present right now?

An Honourable Member: That lady can come forward now.

Mr. Chairperson: Yes. I would also like to—[interjection] We cannot do it before midnight. We will do the same thing we did last night then. Is that agreed?

Some Honourable Members: Agreed.

* (2310)

Mr. Chairperson: Good.

I have a request for leave from David Orlikow who would like permission to present some time now for two reasons; one, because of his age; and, two, because of his health. I was wondering if there is leave of the committee to allow him to present.

Mr. Orlikow, do you have copies for distribution?

Mr. David Orlikow (Private Citizen): No. I have an article which appeared in the Wall Street Journal—[interjection]

Mr. Chairperson: Is there leave?

An Honourable Member: No.

Mr. Chairperson: Mr. Orlikow, I am sorry. There is not leave to hear you now. The leave was granted to the ladies. Okay, I would ask the lady who requested earlier to come forward.

Floor Comment: David Orlikow can go first.

Mr. Chairperson: No, please come forward. Could you identify yourself, please?

Ms. Valerie Gaffray (Private Citizen): My name is Valerie Gaffray. I am a private citizen. I feel like I am being ripped off. I am very concerned for my livelihood, for my family's livelihood, and for my friends' livelihood.

I am one of those frustrated and in despair Manitobans Mr. Ashton alluded to earlier, one of those who were clapping yesterday because I feel so frustrated. I know these people on my right do not care about me, about my family, about my friends. I have a friend who is very concerned about her job. She has two small children. She does not know what she is going to do. We are both nurses. I came to this hearing because the MTS sell-off is just another manifestation of this government's destruction—I forget which speaker mentioned it, I believe it was Mr. Cerilli—of our way of life. You have 70 reform bills here. I know I am not following the text here. You have 70 reform bills. All of them are going to destroy our way of life. We are not going to have money to—I do not know, there was someone here from the business sector. How are we going to, if we do not have jobs, support business? It does not make sense. You do not make sense.

Anyway I will read this. I feel totally helpless against this Conservative juggernaut. We see before us—I hope my imagery is correct—the Concise Oxford Dictionary, No. 2 definition for "juggernaut," in case these Grade 2 level members to my right are not aware, is: institution or notion to which persons blindly sacrifice themselves or others.

I think Mr. Cerilli brought that up, that you are destroying our society. I am a nurse, and when you are ill, you need care. If there is no care there, well, you are destroyed, are you not? Of course, you do not have to worry about it because you make six figures. I am sure you do, every single one of you.

An Honourable Member: With a Grade 2 education?

Ms. Gaffray: Well, if you are member of Parliament all you need—you do not really need to be very smart. You sold off the cable company for \$11 million when it was only worth \$70 million or \$80 million. You cannot do your arithmetic on the rate increases between AGT and

Manitoba. We obviously have less increases. Anyway, I think the image applies here. These people are just making a blind sacrifice, perhaps not of themselves, but of us.

We are going to be sacrificed to this juggernaut called "free enterprise and globalization." You are going to do very well. You are going to keep your six-figure income. It makes no economic sense to sell MTS, and it is positively destructive: the loss of good-paying jobs for Manitobans; the MTS pensioners who will see their pension funds looted; the loss to us the owners of MTS who will see telephone fees rise if we can even afford a telephone by then since we will probably be losing our jobs; the loss of the funds of MTS earns for our province, contributing to the funding of schools and hospitals and many other areas.

I hope fervently the Conservatives go down in the next election. Surely, they will. Selling MTS is a clear giveaway and betrayal of Manitobans' trust, but perhaps it does not really matter to them since the provincial treasury will already be plundered by themselves and the free enterprise people they support. They will not have to worry about consequences. They will probably be offshore somewhere where we and the law cannot get them, these Conservative members who may know in their heart that to do the bidding of Gary Filmon is morally and ethically wrong, plus illegal.

Who gave them the right to sell MTS? Certainly, not we the owners. Yes, I applaud as speaker after speaker requests that the government listen to sweet reason and rethink its plan to sell MTS. Do not throw away something we all need and which provides good jobs, pensions for MTS retirees, a life line to the handicapped, the 911 service, and funds the communities of Manitoba with its earnings, but I have the clear impression these Conservative members will not listen to sweet reason. This government seems more like a spoiled and destructive child. It has the power and, by God, it is going to use it; consequences to others be damned. It seems almost in a vengeful, patriarchal mood, wrecking everything and everyone with its reforming zeal while it has the chance and has all the power it needs, indelibly changing the face of Manitoba into an unpleasant place to live.

I am concerned for myself, my family and the people of Manitoba if the MTS sale goes through. I have a real

fear that we are going to see real economic devastation, despair and suffering thanks to the reforming zeal of this government. I work in the health care field, another area which has been reformed by this government. A lot of health care now is expected to be supplied by the family; even to someone who requires 24-hour care, home care is not necessarily provided. I am a nurse, I wonder how I and my co-workers and patients can be treated so shabbily. We are told there is no money.

I come to these hearings, and I hear that my government cannot do even the arithmetic a Grade 2 child could manage. A Grade 2 child, such as my grandson, who actually is in Grade 2, he knows that you do not sell something that is worth \$70 or \$80 million for \$11 million. No wonder there is no money for the school he goes to or the hospital where I work, no money to properly look after the ill. Our children's schools are neglected, and most people are expected to take salary rollbacks or worse—

* (2320)

Mr. Chairperson: Two minutes.

Ms. Gaffray: How are we supposed to take care of our families and our children? Well, Mr. Ashton said these Conservatives here on my right have probably thought of that. If the economic hard times create too much family breakdown and despair, when people are truly desperate and perhaps break the law, well, new prisons will be built—a new growth industry, just as in the United States of today.

Well, I think prison is a good idea for some people. Those who commit a crime or do illegal things should pay for it. If this government sells MTS, I think the Conservatives should be brought in front of a jury of their peers. I am sure they would be found guilty of illegally selling that which does not belong to them. That being so, I think the ringleaders at least should be put in prison. I would gladly pay taxes for it. Thank you.

Mr. Chairperson: Thank you for your presentation.

Mr. Ashton: I appreciate the fact that the presenter has strong feelings on this matter, and I think many people do. I wanted to follow up on the word you used because this is a word that I notice is being increasingly talked about with MTS and it is "betrayal."

Ms. Gaffray: Yes, I feel very betrayed—

Mr. Chairperson: Ms. Gaffray.

Ms. Gaffray: Sorry.

Mr. Chairperson: I have to recognize you.

Ms. Gaffray: All right.

I feel very betrayed by this government. They are selling off my birthright and also my children's and grandchildren's, and, quite frankly, I think there is going to be total devastation. I talk about it with my friends, and we think it is really bad.

Mr. Ashton: I want you to perhaps elaborate on that because one of the difficulties I have had, as someone who has been fighting this sale going back to January of this year—and we launched a public campaign throughout Manitoba—we have had a tough time finding very many people outside of the Conservative government who support the sale.

I am just wondering, you mentioned about your friends and I am wondering, the people you know, what they are saying. What are they saying about this sale?

Ms. Gaffray: I talked to a friend, and we talk about politics quite a bit. I am not sure that all people that I work with are really that politically aware, but this particular friend, she feels very concerned and betrayed and really, quite frankly, is extremely concerned. She has an ill father, and I do not know, it is just that this government does not, cannot care about people. I guess we are just expendable. I realize that. I guess there is just no justice.

Mr. Ashton: I appreciate the frustration and the sense of betrayal because what I have also found is, it is one issue that crosses partisan boundaries. We have had meetings throughout the province; we have talked to people in coffee shops throughout the province. People have phoned us because they know we are fighting this to save MTS. Many people are telling us that they actually supported the government in the last election.

I am wondering if you are not finding the same, too, that it is something that crosses political boundaries.

Ms. Gaffray: Yes, it does. I have not asked people their political affiliation, but I have the impression that they probably voted for this party here. Yes, they are concerned about their jobs. They are working all kinds of odd shifts just to get every shift they can and survive and pay their bills. All we have is enough for the necessities, and pretty soon we will not have that either.

Mr. Ashton: I also found it interesting when you said, when you talked about prisons in the United States. I was watching the governor of Michigan give a presentation as a Republican governor. The only growth of public expenditures in that state is in prisons. He said that they are going from 25 percent of their budget to 33 percent on prisons. I am wondering if you are not concerned that we are seeing a complete lack of priorities when you see that happen in the United States and even here in Manitoba when something we have owned since 1908 can be just sold off by a government that changes its mind or did not tell the truth or whatever version you want.

Ms. Gaffray: I think that, if people get desperate enough, they are going to maybe do silly things, and I am sure this government will show no compassion to them whatsoever and probably think, well, that is a good gimmick. We will build prisons and just put people in prisons.

Mr. Penner: Mr. Chairman, I want to, first of all, deeply apologize for keeping you here till this hour and on those roads outside and specifically for the absolute disruption that was caused before members opposite. And so I—

Ms. Gaffray: Oh, please. Disruption. Come on. Do not be hypocritical.

Mr. Penner: I also want to sympathize with the deep impressions that you obviously face about the wrongs that our government has done you—

Ms. Gaffray: Well then, do not sell MTS.

Mr. Penner: —so we really deeply apologize for that, and we sincerely will do everything in our power to ensure that your job will be there—

Ms. Gaffray: Oh, come on. Do not sell MTS because how are you going to fund the hospitals? You are throwing money away.

Mr. Chairperson: Your time has expired, Ms. Gaffray. Thank you very much for your presentation.

Ms. Gaffray: Thanks for hearing me.

Mr. Ashton: I note Mr. Penner was talking about apologizing for keeping people here so late. I am just wondering when we will—[interjection]

An Honourable Member: We did it already.

Mr. Ashton: Okay. As long as we make sure we have a reasonable time to conclude. I want to indicate that we are quite prepared to accommodate members of the public, and I just hope Mr. Penner would not apologize for us trying to ensure democratic process in this committee. Perhaps he might want to apologize for the conduct of the government in making such an undemocratic decision. Let him make his own apologies. We make no apologies for defending the right of citizens to make that presentation tonight.

Mr. Penner: Well, just very briefly, I sincerely do apologize to members still sitting here because, had we not got into the kaffuffle that the honourable member for Thompson got this committee into before, we would have heard a lot more presenters here, and many of these ladies that are still waiting to present would have already gone home. So I do deeply apologize for that.

Mr. Ashton: Mr. Chairperson, you know, it is funny the member talks about what is happening in the committee. I do not know what his problem is, but, once again, if he would just wake up. Many of the people that I have talked to who are here before the committee wanted us to be making sure that we have raised those concerns, and sometimes the only reason we had any difficulty in this committee is because members such as him were trying to prevent members of the public from having the proper opportunity to present before this committee.

So let him apologize for what his government is doing. Let him not say anything of that nature for an opposition that is only trying—even though we are a minority in this committee—to ensure that this committee is fair and democratic.

Mr. Chairperson: Order. I would like to proceed with the presenters if I could.

Is there leave for the committee to hear Mr. Orlikow at this time? Is there leave?

An Honourable Member: Leave.

Mr. Chairperson: Leave? Leave is granted.

While Mr. Orlikow is making his presentation, I would ask those people that raised their hands earlier that still wanted to present to please go to the back of the room with the Sergeant-at-Arms, and he will take your names down. Then we will call your names in order after Mr. Orlikow.

Mr. Orlikow, please proceed.

Mr. Orlikow: I was a member of the Legislature for four years from 1958 to 1962. The province had a Conservative government with Mr. Duff Roblin as the Premier, but Mr. Roblin was an entirely different Conservative than this Conservative government. Mr. Roblin was what we used to call a “red Tory.” They are almost extinct. But Mr. Roblin brought in legislation, much of which we could support because they were based on reason, not on ideology. For example, he brought in the system of the large school divisions and wiped out the one-room schools. We supported that. This government is doing things on the basis of ideology.

The telephone system has been a publicly owned system for 88 years. It was established not by some wild-eyed revolutionist; it was established by Sir Rodmond Roblin. He did it because he did not believe that the private sector would serve rural Manitoba. He said, we have to have a publicly owned system.

Some years before Mr. Duff Roblin became the Premier, we had a Liberal government with Mr. Campbell as the Premier. He called himself a Liberal, but we know how conservative he was because a few years ago he joined the Reform Party. Now, what Mr. Campbell did was to buy out the Winnipeg Electric Company so that the Manitoba Hydro could service the whole province. Why did he do it? For the same reason as Mr. Rodmond Roblin. He did not believe that the Winnipeg Electric would move quickly to serve rural and northern Manitoba. Now, Mr. Chairman, here we are, we have a publicly owned system; it is providing service. We have almost 100 percent of the community that has

the telephone system, and you are proposing to sell it to the private sector.

* (2330)

We know from experience in the United States that, as soon as it is privately owned, as soon as it is deregulated, the rates go up. Somebody who spoke before me gave the example of Alberta. That is inevitable as what will happen after this province sells the publicly owned system. I find it very strange, Mr. Chairman, this government, most of the members of the Legislature were elected in rural Manitoba, and the first thing that will happen after you sell the system is that the farmers will see their rates go up very quickly, and the small business. I see a member shaking his head not true.

I will close by reading a couple of paragraphs from that very left-wing newspaper, the Wall Street Journal, October 1, and the title of the article is, Electric utility deregulation is seen as costly for small business owners. I will read a couple of paragraphs. Small business owners—because electric power and telephones, they operate in the same way, so if deregulation in the United States means higher costs to consumers and small business, the same as already happened for the telephone system, so I will just read a couple of paragraphs. They say: Small business owners, especially in states with low electricity costs, would face stiff increases in their power bills if pending federal legislation to deregulate electric utilities pass, a new study of one state indicates. The price of power for small commercial customers in Louisiana would rise 30 percent over seven years, and so on.

I am saying to you, Mr. Chairman, what you are proposing to do is not based on reason. It is based entirely on your ideology. Your ideology in a sense says that government cannot run anything properly, leave it to the private sector, and the evidence is the other way entirely. Thank you.

Mr. Chairperson: Thank you very much, Mr. Orlikow. Questions?

Mr. Ashton: Mr. Chairperson, I appreciate Mr. Orlikow's perspective. We tend to forget, given Mr. Orlikow's long service in other fields, particularly as a member of Parliament, that he was indeed a member of the Legislature.

I am wondering if you can elaborate on that point because you know what struck me as ironic with what the government is doing is that fact that it was the Conservative government that established MTS in the first place, and that I would say many Conservatives, including many Conservatives today, not necessarily this government, but Conservative Party supporters, still support public utilities. I know in rural Manitoba that many people I have talked to said: I am a Conservative, and I do not want MTS sold. I am wondering perhaps, what your sense is maybe given your background both in the House of Commons and here, is it the people, the people who have supported the Conservatives in the past who have changed, or is it their party?

Mr. Orlikow: I am certain that, if this question could be debated at the annual meeting of Manitoba Pool Elevators or of UGG, there would be an overwhelming support for keeping this system as a publicly owned system. This government and these members of the Legislature do not want to consult their constituents. They do not want a vote because they are blinded by their ideology. Let the private sector do it. Private sector can do it better. Private sector, of course, cannot do it better. Private sector has to make a profit, and there are a hundred other reasons why telephones and electricity have done so well in North America by being publicly owned.

Mr. Ashton: It is interesting in terms of the ideology because I know earlier, the presenter from the CFIB said that you always get lower costs and better service under a private company than you do in a public company. I am wondering what your perspective on that is, given the fact that Hydro has the lowest hydro rates in North America. We have had amongst the lowest phone rates, and automobile insurance rates with Autopac are the lowest in the country. It just strikes me that sometimes people make these big statements which are more to do with ideology than fact.

Mr. Orlikow: That organization for which the person spoke is just as ideologically bound up in that right-wing philosophy as these members of the Legislature. The fact is, let us take health care. The administrative cost of health care in this country is about 8 percent. In the United States, with the hundreds of thousands of private insurance companies, the administrative costs of health care are about 25 percent, so sometimes the public

system can work better and cheaper than the private system.

Mr. Ashton: Just one final question. From your extensive experience in public life and, of course, you were through some of the major debates even at the federal level in the last few years, I am just wondering what you feel of the process here, where the government in the election stated they would not privatize MTS, and I am thinking of some of the other debates where at least, say, the federal level—we knew in 1988 that Brian Mulroney did campaign on free trade whether we liked it or not. Some of us obviously opposed it, but I am wondering what your sense is in terms of public policy where here you have a government that says one thing in election and does another.

Mr. Orlikow: I will use an example closer to home than some. Mr. Filmon promised during the election that there would be no increase in income tax, but I got a statement from Pharmicare about a month ago that they will pay all my prescription costs after I pay the first \$1,604 myself. I figure that is about an increase equivalent between 1 and 2 percent on my income tax. So there is how the promises are dealt with.

Mr. Chairperson: Okay. Thank you very much for your presentation, Mr. Orlikow. I will just wait for the list to come forward now.

I would like to call Philip Curtis to come forward. Mr. Curtis, do you have copies for the committee for distribution? Please proceed. No. 12.

Mr. Philip Curtis (Private Citizen): First off, I just wanted to let you know where I am coming from. I am an MTS employee. I have been with them for 12 years. I work in Winnipeg. I am a line cable technician. My father worked for MTS. He was there for 38 years. I grew up in a small town, so I think I am pretty familiar with the impact in the small and the large community, and obviously I have been impacted by MTS all my life. I know what it is like to be called out in the middle of the night to adhere to an emergency call or some doctor's line or a police line, or something is down and I would have to fix it.

* (2340)

I know what it is like to rush out to fix a cut cable because it is the PCM cable and it feeds the long distance to a small town. I am aware what it is like to band together with your co-workers when a mini-tornado has gone through a town and virtually wiped out the entire communication system of that town, and that is why I am here today: I want to implore you to reconsider what you are doing here.

We have lived with government interference in MTS since I can remember. I guess some of the few points here that I would mentioned is Faneuil, the sale of the cable TV network and the ILS program. It is very frustrating to hear that one of the reasons for the sale of MTS is because of the high debt load when in fact the government has created that debt load.

It is also very frustrating to hear that another reason that they want to sell MTS is because of the changes in technology. I think over the last few years we have gone through a number of changes, and MTS employees have more than risen to that challenge.

There are two main areas of concern that I wanted to speak to tonight, and the first one is the dramatic increase in the residential rates. Saskatchewan and Manitoba have the lowest rates in Canada, and that is not by accident. It is because it is publicly owned.

Our mandate at MTS right now is to meet the telecommunication needs of all Manitobans with the right solutions, outstanding service and superior products. When we become private, obviously that is going to change, and it is not going to be for all Manitobans. It is going to be more on return for investors. One of the fellow Manitobans I heard speaking last night was concerned that she thought that their rate might triple where she lived. If the actual cost needs to be reflected in the new rates, then I would suggest that some of the remote communities will be lucky if their rates only are tripled. The bottom line is that, if this bill goes through that some people will not be able to afford basic telephone service.

My second concern is on loss of jobs and profit to leave Manitoba. We have already seen some of that already. About 40-some of my co-workers have already been permanently laid off to pay for their reorganization and to pay for our four new presidents. All our different

unions at MTS have recently been in the collective bargaining process, and MTS seems determined to get rid of our ADOs or our accumulated days off. My understanding on those was the original purpose of this was job creation, and if they are trying to get rid of that, does that mean that the thing now is our job reduction? I do not feel that Manitobans are going to be able to buy enough shares to be able to make a difference to maintain MTS in Manitoba.

After reading through the legislation, it does not seem like there is a lot of protection there. I know they talk about that special share and keeping the headquarters and all that in Manitoba, but, once we become public and AT&T or Bell or whoever gets their hands on us, there is just going to be a massive reduction in jobs leaving the province. Just one other concern that I wanted to mention was the pension. It is very clear that MTS the employer will not be matching the employees' assets and, to me, that just does not seem fair as well.

In closing, I just wanted to give you my recommendation of what I feel should happen here. I think we should be keeping MTS public, but I think we need to remove the government influence from MTS. That is all I had to say.

Mr. Chairperson: Thank you very much for your presentation.

Mr. Sale: I want to just go to your second point, government interference. You are probably aware that the Faneuil deal is not a seven-year deal. It is really a nine-year deal, and it is \$67 million, not \$47 million, as the government has put out because, given the cancellation clause, the contract cannot be cancelled until the end of the ninth year. That has not really been talked about much.

But what I really wanted to raise was your puzzle over the question of the debt and the investment level. According to MTS's annual report, we have spent \$750 million in the last five years modernizing our system, and yet the total debt of the system is only \$830 million. Does it not strike you that in fact the opposite claim to what the government is making is in fact the case, that systems manage to generate and spend a very high level of investment and yet having spent \$750 million, we are still only \$830 million in debt after a five-year, heavy, heavy investment period?

Mr. Curtis: Yes and, of course, too, that they have speeded up that entire program to ensure that it was getting done quicker. I—

Mr. Chairperson: Mr.—oh, I am sorry. Go ahead. Were you finished?

Mr. Curtis: I just wanted to add to that. I believe since 1987 they started funding the pension and that is kind of paying a past debt and then kind of getting up to date. Otherwise, it probably would have been additional profits.

Mr. Derkach: Thank you very much, Mr. Curtis. Obviously, you are very committed to the telephone system, and by your comments you must enjoy what you do. We have taken some steps as a government to try and ensure that there is some protection for you as an employee if you retire, to ensure that there is a pension plan that is funded for you. That is the way it should be, so we have taken some steps.

Mr. Chairperson: Could you move your mike closer, Mr. Derkach?

Mr. Derkach: I am sorry. I do not think there is anybody in this room and in this Legislature who wants to see decreased service to Manitobans, who wants to see people like yourself on unemployment because of actions that are taken by a government. Now, if we in fact were to give Manitobans the opportunity—and that is going to happen when this bill becomes law—to purchase shares in the company, as a person who has a lot of commitment to the company, will you be prepared to buy some shares? Given a scheme that is put into place which will allow you over time to purchase those shares, would you buy shares in the company?

Mr. Curtis: Obviously, not knowing the price of the shares and everything, I am not a hundred percent sure. My initial response is to say yes, I probably would buy some, but it would be a very small amount.

Mr. Derkach: I appreciate that answer. I think that is an honest and a straightforward answer. But, given that you would be interested in having a piece of that company and given the fact that we intend to, as a government, provide opportunities for Manitobans to own up to 75 percent of the company, and if there were a

proper scheme put in place, would you be prepared to invest over time so that you could take shares in the company which would benefit you and your children and the province?

Mr. Curtis: I guess how I need to answer that is, I have been, I think, a very dedicated MTS employee all my life basically, and, if you would have asked me that question five years ago, I probably would have said yes, but right now MTS is not a very good place to be. It is not a very good employer anymore. Morale is, to put it bluntly, in the toilet, and I am no longer proud to be an MTS employee like I would have been say five years ago, and I find that very distressing.

Mr. Derkach: Well, you know, I live in the rural part of the province, and I do have a fair number of MTS employees in the community that I live and the surrounding communities whom I come in contact with almost weekly. In talking to them about their jobs and about how they view the telephone system, I have not had one single employee tell me that he or she is frustrated, disgusted or not enjoying their work. All of them whom I have come in contact with on a one-to-one basis—and I offer this as a comment to you—have told me they are proud of their company, they are proud of their work, and they do not see anything wrong with the direction that we have been going in as a province with regard to the MTS system. This is what people are telling me.

Mr. Curtis: I guess how I could answer that is, I talked in the course of the last year or two—I have literally talked to thousands of employees through my job and through my different jobs, and I feel that there is a lot better opportunity for them to be honest with me than they would be as opposed to you. I am not saying that they would be lying to you. I am just a regular person where you are not.

Mr. Chairperson: Mr. Ashton, do you want the last question?

* (2350)

Mr. Ashton: Yes, I am wondering if one of the reasons morale has decreased is because of the fact that the government has not only interfered in the commercial decisions but has applied on two occasions legislation which in one case froze wages at MTS and in another

case provided the so-called Filmon Fridays. Is that perhaps one of the reasons that morale has decreased in MTS, that because, Mr. Chairperson to the presenter, the government has been interfering? By the way, I could not agree more with you that one of the things we would like to see is this government get out of the kind of political interference that is creating that problem. Is that one of the reasons that people are concerned about what is going on at MTS?

Mr. Chairperson: Mr. Curtis, for your very quick answer.

Mr. Curtis: That is kind of a Catch-22 situation. Some people are quite happy to have Filmon Fridays because, like I say, MTS is not the place it used to be and employees are happy to have those extra 10 days where they do not have to be at work. Of course, the other flip of that coin is it has definitely taken its toll on morale as well. I mean, a lot of employees are single-income-earning families with kids, and when you get hit by the 3.9 percent, it hurts.

Mr. Chairperson: Your time has expired, Mr. Curtis. Thank you very much for your presentation.

Call Dave Leochko. Do you have copies of your presentation for the committee?

Mr. Dave Leochko (Private Citizen): Yes.

Mr. Chairperson: Please proceed.

Mr. Leochko: I would like to direct this to Gary Filmon and the Conservative government. Gary's government has a total disregard for the concerns of the people of Manitoba. He lied to the public on privatization of the telephone company for the purpose of winning another election. He then proceeded to dismantle the telephone system with no consideration to the public or the employees of the telephone system. This is the Manitoba Telephone System, not Gary's telephone system.

As an employee of the telephone system, I had no confirmation on how my pension would be handled. Gary says, trust me. How can I trust any government whose mandate is to satisfy big business through legislation or any other means with no respect for the people who work in this province? If Gary really

believes that the giving away of the telephone system for his own profit or political gain is what the people want, then why not a referendum? The answer to this is that the government does not care what we think. The bottom line to the government's agenda is profit. Rural people will pay the price in increased telephone cost. The people of Winnipeg will pay the price in increased telephone costs. Gary denies this, but we only have to look at the privatization of Alberta Telephones to see where we are headed. The Conservative government has used mailed-out propaganda, television or radio advertisements and Conservative cover-ups paid by the taxpayers of Manitoba to the tune of \$400,000. This does not hide the fact that the telephone system was built on Manitoba pride and is being destroyed on Conservative greed and political gains.

As a citizen of Manitoba, I have supported the health care workers, casino workers, nurses and various groups, who have all been affected by Conservative policies to destroy the working climate of Manitoba. New antiunion legislation, Filmon Fridays and scab labour have all affected Manitoba workers and business. The selling of the Manitoba Telephone System was decided without public consultation. Brokers will make up to \$25 million by deciding the fate of the Manitoba Telephone System. This was accomplished by the seven-page proposal given to the Conservative government by the brokers—not bad for one week's work. Gary was able to draw up the proposal, confirm the sale of the telephone system and get the glossy paperwork out—all in a three-day period.

Does Filmon and his political friends realize that the telephones have turned a \$15 million profit this year, a profit realized after dismantling of the telephone system through the giveaway of the television cable industry for a loss to satisfy other business interests tied to the Conservative government? Why would the people of Manitoba buy shares in a company that we already own? We all know that the MTS will be swallowed up by other big companies intended in taking profits out of Manitoba.

(Mr. Vice-Chairperson in the Chair)

Filmon has not been straightforward with the people of Manitoba. His agenda to sell the telephone company is driven by profit and not the concerns of the people of Manitoba. He refuses to answer questions on pensions, shares, government policy in regard to selling of the

phones. Just this week concerns were rejected by one of his political boys. He said, the questions cannot be answered until the telephones are sold. This antidemocratic attitude is typical of a Conservative government and would make Brian Mulroney proud to hear that the tradition carries on. The Manitoba Telephone System is important to all people in Manitoba. This company was built by people of Manitoba through the Depression, world wars and recessions. Now the Conservative government in one week has been able to destroy the company for the purpose of satisfying the Conservatives' own personal gains.

If Gary thinks the people of Manitoba want to sell the phones, then give the people a say by a referendum. As a telephone employee and a concerned citizen, I want the Manitoba Telephone System to remain in Manitoba. We have one of the most reliable and affordable telephone systems in North America, and I am proud of the service we give to all the people of Manitoba, both provincially and in the city of Winnipeg. This telephone system is a legacy to all people in Manitoba, from the past, now and in the future. The Conservative government should realize they will forever be tagged as a government that destroyed a valued and proud company working for all the people of Manitoba. Thank you.

Mr. Vice-Chairperson: Thank you, Mr. Leochko.

Mr. Ashton: Thank you, Mr. Leochko. I want to focus on what has been a similar point raised by other MTS employees because I felt one thing that was particularly important that has been raised before this committee is the depth of feeling of a lot of MTS employees have had about working for a company that is owned by the people of Manitoba. I am wondering, do you share that as well? Is that one of the reasons you do not want to see MTS sold off?

Mr. Leochko: It is very important to us. I think what really upsets me most is that the government seems to think that all we are is telephone people. We are citizens of Manitoba. We do charity work. We work in the province. We try our hardest. We are citizens of Manitoba. We are not a Unitel company that comes in and brings 400 people in and throws 400 people out. We work here. We live here and we want to have this province growing. Right now I see the total destruction of this company, and I am seeing it now at work. I am

seeing people, they are getting depressed. I am not saying they are down; we are still working as hard as we can. But you are pushing the line right now, pushing it very fine.

Mr. Ashton: I wonder what your thoughts are, as well, on the pension issue because we had a very powerful presentation yesterday, actually from a couple of people who were receiving pensions, and as an MTS employee obviously your pension plan is very much involved with this. I know now, apparently according to MTS, the Civil Service Superannuation Board will now be administering services to the MTS pension plan, but not necessarily providing the MTS pension plan. What do you think is a fair resolution? If the government rams through the sale of MTS, do you think it might be more appropriate if they maintained the Civil Service Superannuation as the basis of the pension so that people do not have to worry about any risks under a private pension plan?

Mr. Leochko: We are all nervous about the pension plan, and one of the big issues is that we have been split into four or five different groups. With the sale of the telephone company, Mobility, whom I work for, and I have been in the phone company 30 years now, they could be split off. With this pension plan of MTS's, does that mean to us, because we cannot get an answer from the government, if I go with Mobility, then my pension goes with that part of the company or does it stay with MTS? I cannot get an answer on that. It could be split into five different parts as far as we know, so we want to stay with the Superannuation Board and all our parts want to stay with the Superannuation Board.

Mr. Ashton: We know that the government did not consult with the people of Manitoba on the sale, but I am wondering if you were consulted as a telephone employee. I am saying consulted, I am not talking about getting newsletters or anything of that nature, about the pension plan because the bill says that it is deemed that there is approval, which I find the most incredibly arrogant statement I have ever seen, and this is a bad deal, but to suggest in legislation that it is deemed by the Legislature that you as an employee and other employees have agreed to have the pension plan transferred, were you ever consulted on that, and have you agreed to that?

Mr. Leochko: We have not agreed to it. This piece of paper came out this afternoon at four o'clock. We knew

nothing about it. I passed it to Mr. Ashton this evening. We had no claim how it was going to work. They sort of tell us we are going back to superannuation. They also say that we will get no less claims. We have not heard how the surplus is going to be handled. We do not know how that is going to work, and we basically do not, we have no idea what our pension plan is. We are just sitting back, people with 30 years, people with 10 years, and saying, where are we? We just want to know. Send us a letter. Tell us what is going to happen.

I am surprised, though, that the Conservative government did not know about this, and I am surprised that this was not brought up before because this thing was passed on October 18, and we did not get it until the 30th of the month. I do not know why it was held back on us.

Mr. Ashton: Well, I am wondering since the minister is here, and since I raised questions on this in the Legislature and the minister said: we have had briefing meetings; everybody is happy about the pension plan situation. I am wondering since the minister is here if you might wish to, perhaps with him sitting here, indicate whether that is the case or whether indeed there is a lot of concerns out there, a lot of unanswered questions, questions that have not been answered because the government, which is making this decision in this bill, has not even had the courtesy to consult with people like yourself.

Mr. Vice-Chairperson: Mr. Leochko, with a very quick response.

Mr. Leochko: The only reasoning we got from the government is, trust us, we will take care of it. That is all we have got out of the government.

Mr. Ashton: Do you trust them?

Mr. Leochko: Do I trust them? I do not think so.

Mr. Vice-Chairperson: Thank you very much for your presentation.

Mr. Carl Martz. Do you have a copy of your presentation?

* (0000)

Mr. Carl Martz (Private Citizen): No, I do not.

Mr. Vice-Chairperson: Please proceed, Mr. Martz.

Mr. Martz: Good evening, or good morning.

An Honourable Member: It is not yet.

Mr. Martz: It is not yet. Well, it is pretty close. I am sure a lot of people are tired, and I am very tired, so I hope to make this brief and get my point to you. A couple of days ago I arrived back in Winnipeg from a telephone conference in Tijuana, Mexico. You would not want to go. The things that I saw there and heard, I was not very impressed with. A lot of talk was about deregulation of the industry, reorganization, re-engineering, much of what is happening in Manitoba right now. A lot of these things happened in the States where publicly owned companies were taken over by multinationals. Many people were put out of work, and I do not like that. I do not like to see that. I am a taxpayer of this province. If AT&T comes here and takes over the company, what is my guarantee of a job? I have worked for 24 years for this company, and I have no guarantee at all. I could be out on the street tomorrow, and that is one more person that is not paying taxes. I do not think that I would like to go to a lower paying job somewhere else with another private company.

A lot was spoken about there. We talked about health and safety, and many of the things came down to stress. I do not think anybody knows how much stress there is on that type of job right now with the changes of technology. Many of the older people that are ready for retirement have gone through three and four types of equipment, and they learned the technology, and they are very good at it. I think there are a lot of younger people that are good at it, too. What is going to become of them when a private company takes over? Is there any guarantee from the Conservatives that we will still have our jobs? There is no guarantee. Nothing at all. Stress, well, everybody has stress, but that is probably one of the worst things you can have now, and it is very hard to prove, as was spoken of at this conference.

Many other things do come out of this, like suicides and other things. You know, it is very hard to say what you get stress from. I think a lot of people are feeling stress at work right now with this sale, worrying about

where they are going to be in the next couple of years. Is there going to be a telephone system? Are we still going to be in Manitoba, or will we have to take our show on the road and work for less wages, worse hours, worse conditions? Seeing all these conditions in Mexico really brings home this point. There are people there that are doing my same job, but they are getting a third of the wage, and they work for a multinational. Their telephone system is being sold at this moment. Many of the Central American companies are being sold, and who is it? It is the big companies. It is AT&T, it is MCI, it is Sprint, and they are sitting at the border like the Pacman ready to grasp us.

I see no reason for selling off MTS, because I really think that if they would be run more efficiently—there are a lot of problems. There are a lot of problems, but many of the problems are because of government interference. It was brought up before. I am sure that you can blame both sides, the NDP, the Conservatives, but it is still happening. It is still happening, and there is much too much of it. If there was less of it, I think the company would run more efficiently.

In just summing it up, I just have to say that I am totally against it, and I also am worried about my pension. I do not have any answers on where anything is on the pension side of it. I sit on the Superannuation Board for one of the unions, and at the last superannuation meeting we were almost written off. They do not expect us to be there. They are going to have another member on their board appointed from retirees from either the Hydro or through the Manitoba Government Employees' Association. So I do not think they even know where we are going to be. I wonder if you could tell me.

Mr. Vice-Chairperson: Thank you very much for your presentation.

Mr. Ashton: I want to thank the presenter. By the way, as the MTS critic for the New Democratic Party, I have asked questions, and I can guarantee you, we will continue to ask questions.

Mr. Vice-Chairperson: Mr. Ashton, would you mind pulling your mike forward, please.

Mr. Ashton: Sorry, Mr. Chairperson. I will continue to ask questions. In fact, we will, and if we cannot get an

answer at the committee tonight, be raising these concerns in Question Period again because I think you deserve an answer.

I wanted to focus in on, you mentioned about what is happening, you mentioned about this conference Tijuana, and it was interesting you mentioned about AT&T because AT&T has stated already, Bill Catucci, president of AT&T Canada formerly of AT&T, United States, said they were interested in acquisitions in Canada and specifically said they were interested in the Manitoba Telephone System. This is the same company that was subject to a lot of criticism in the United States when it laid off 40,000 workers. What happened, by the way, is their share price went up when they did that. I am wondering if you do not think that, once MTS is sold off, there is every reason to be concerned when you have companies like AT&T interested in buying part of Manitoba Telephone System.

Mr. Martz: Yes, I am concerned about it, and I can see it happening. Right now Bell Atlantic has bought the entire cellular telephone system in Mexico, and that was, I think it was four companies. Four separate companies were bought out by Bell Atlantic. Also, regulations down in the States are a little bit better than in Canada where the American companies must supply universal service, and by universal service, they must supply equal service to everyone. While we were down there, there was a person from Ninex [phonetic] in New York. He was telling us that the FCC had fined Ninex [phonetic] \$50 million for not supplying universal service.

Is that going to happen here? The CRTC, do they have the strength to do that? Is that their mandate? I do not think so. I have not seen it. I have not seen it yet with what they have done.

Mr. Ashton: In fact, I have not seen that either from the CRTC, and, in fact, it is one of the concerns.

One of the other things I wanted to ask as well, a follow-up from what you were talking about, is that it is quite interesting that this document from the three investment bankers that I have referred to continuously and even the slide presentations talked about guarantees of universal access and service, and there is really very little in the legislation. In fact, if you look at this legislation, what it really does is that it takes away the

entire existing mandate of MTS, which is multifaceted and includes universal service.

I wonder how you feel as a telephone employee and a Manitoban about the fact that now under this legislation we are going to move from a situation where we have universal access in Manitoba—97 percent of Manitobans have phones, according to figures that I have seen. Are you concerned about what is going to be happening in the future under a privatized phone company in terms of that kind of access?

Mr. Martz: Yes, I am concerned because, as we said before, what is the CRTC going to do? Are they going to have the power to tell these larger companies that they have to supply universal service?

Right now, the government does this. Everybody is entitled to telephones in Manitoba as far as I am concerned. I see no reason why not, and if the CRTC does not follow up with that kind of power, who is going to benefit? The people of Manitoba are not going to benefit.

Mr. Penner: I certainly sympathize with the views that you have expressed about the uncertainties in the job place. I think many of us face that same kind of uncertainty whether you are in politics and your job is on the line every three or four years or whether you are in agriculture and you face the competitive marketplace of the international marketplace, as we do, or whether you are in business. I think we have a certain degree of skepticism about the certainty of the future.

However, you indicated to me or to this committee that previously there was a much greater sense of security within MTS, the employee sector at MTS. Can you tell me what assurances you have that another company might not walk into Manitoba tomorrow, even though Manitoba would decide to hang on to MTS as it is constituted today? What assurances would we have that that security that you seek would be there and that the competition, now allowed under CRTC, would not force you out? What security have you got and what assurances are there today that might not be there tomorrow?

Mr. Vice-Chairperson: Mr. Martz, with a very quick response.

Mr. Martz: Well, to be honest with you, I see no security.

Mr. Vice-Chairperson: Thank you very much for your presentation.

I call Mr. David Nyhof. Do you have copies of your presentation for committee? All right, Mr. Nyhof, you may proceed.

* (0010)

Mr. David Nyhof (Business Manager, International Brotherhood of Electrical Workers, Local 435): Thank you. Mr. Chairman, Honourable Mr. Findlay, ladies and gentlemen of the committee, my name is David Nyhof, and I am the business manager of IBEW 435. I am speaking on behalf of the entire membership, which represents just over 1,200 of the technical workers who work at MTS.

I am going to speak specifically to Section 15 of Bill 67. Section 15 deals with the transfer of the employees', past and present, pension money to a new pension plan. The terms and conditions of this new pension plan are being developed and ultimately will be administered by MTS or its designate. The concern of the membership is that the money that will be transferred from the Civil Service Superannuation Fund and matched by MTS's pension fund is being done without any input from the employees who, in fact, are the owners of the money.

I have heard some people suggest that half the money is MTS's, but I would argue that the money sitting in MTS's pension fund actually belongs to the employees as well. I base this on the fact that, had MTS contributed its share of each and every employee at the same time that the employee did, this money is, in fact, theirs. This pension fund is a significant amount of money and represents the future of the employees, past and present, when their employment with MTS is complete.

The three unions at MTS along with the retired employees have tried for many months with little success at having our concerns addressed on many of the issues we have, and those issues are: we have not received any commitment that we will have an equal say in the administration of the new pension plan, and this does not seem unreasonable to us, as we currently have this arrangement under the Civil Service Superannuation

Fund. We have not had an opportunity to see or comment on any draft development of the new pension plan prior to its registration. We feel that this should be a fundamental right on our part, as this pension plan was built using the funds of the employees of the Manitoba Telephone System. We have not received the appropriate assurances that any commuted surplus will be matched and only be used for the purposes of enhancing pension benefits to those who belong to the pension fund.

I implore the committee to do what is fair and right and make the necessary changes that will give the employees, past and present, the appropriate assurances that they need to keep their future secure.

Mr. Vice-Chairperson: Thank you very much for your presentation. Questions?

Mr. Ashton: Thank you, Mr. Nyhof. I want to ask, as I have other presenters as well, particularly in your capacity as business manager of the union representing 1,200 MTS workers, what degree of involvement has the government or the board of MTS had with IBEW? Have you been consulted at all? Was there any consultation prior to this bill being tabled, for example?

Mr. Nyhof: No, there has not been.

Mr. Ashton: Well, it is interesting because at the time they made the announcement selling off the company, there were various statements made about involving employees, et cetera. I found it ironic at the time that the first speech that was given was made to the Chamber of Commerce, and at that time there had been no contact with the employees or anybody representing employees. Since the announcement was made, I am wondering if you could indicate whether the minister or the chairperson of the board of MTS has initiated any meetings with yourself, representing 1,200 MTS employees, and, if so, what the discussions were at those meetings.

Mr. Nyhof: We have initiated meetings with Mr. Findlay as well as Mr. Toews on this matter, and we have had some discussions; however, we have not received any firm assurances as to how this money will be handled yet. I guess you all can appreciate that this is \$700 million, like close to three quarters of a billion dollars of our future money, and it is of significant importance to the membership.

Mr. Ashton: In fact, the amount that we are talking about is equivalent to the share issue that the government is going to be putting out. That is putting it into perspective. We are talking about hoping to raise \$750 million in the share issue. You are saying that you requested the meeting, that at no point in time did the government ever consult with yourself or anybody else representing the 1,200 members of IBEW Local 435. In fact, when it states in here that there is "deemed consent," in reality there was absolutely no consent whatsoever from the 1,200 people you represent.

Mr. Nyhof: Our initial approach was to work with MTS the employer on this matter, and we did not receive much satisfaction that way, and that is why we approached the minister.

Mr. Sale: Mr. Nyhof, Sections 15(8) and 15(10), as a person who is a layperson in law, it just strikes me as quite incredible that someone could deem there to be consent. One of the principles of law that I thought I understood was that consent could not be extracted by force or even by this kind of statute, that there had to be some consent to a shift in a promised benefit that had been part of an entitlement. Have you sought any legal opinion on this, or do you intend to seek legal opinion as to whether this is a valid section of this act?

Mr. Nyhof: I am a layperson as well when it comes to legal terms, but "deemed consent" the way it lays out in this legislation, we cannot agree to that.

Mr. Findlay: I would like to ask Mr. Nyhof if he remembers what happened in the pension process over the last 10 years. I remember the figures, that 1988 MTS had some \$60 million in the pension fund, and it was underfunded to some extent of \$134 million, but today MTS has fully funded their side of the pension, and because it is fully funded, there is security now in the fact that the money is there to pay the retired employees. I mean, is that not a fairly significant improvement, a funding liability that had not been previously funded in the prior-to-1988 period?

Mr. Nyhof: That may be; however, not having seen the pension or the draft pension plan that is going to be registered under the new federal legislation, I cannot necessarily speak to that.

Mr. Findlay: I think if you check the annual report each year you will find the degree to which the pension fund has been funded by the employer side. Actually, your employee side is there, so I would have to assume, if you look at the annual report, you will see there is significant greater comfort for the retired employee that it is fully funded, as it should always have been.

Mr. Nyhof: But we have not seen the plan they are going to be registering and how that money is going to be transferred and handled, and that is our concern.

(Mr. Chairperson in the Chair)

Mr. Chairperson: Thank you very much for your presentation, Mr. Nyhof.

Call Bob McWilliams. Do you have copies for distribution?

Mr. Bob McWilliams (Private Citizen): Yes, I do.

Mr. Chairperson: Thank you. You may proceed.

Mr. McWilliams: Mr. Chairman, members of the Legislature, good evening. I am here this evening to express my opinion and concerns with regard to Bill 67, the privatization of MTS, the Manitoba Telephone System.

As a long-term, unionized employee with MTS, I am deeply concerned with the government's plan to sell off this company. I have witnessed firsthand the problems and the aftermath of the privatization of AGT, primarily the loss of jobs, which incurred financial hardship to over 5,000 employees.

Manitoba government's priority is to pay off the long, outstanding debt of MTS, which both MTS and the government incurred. There is no point to this since MTS has been paying down its debt and is also reaping in substantial profits along the way.

Net earnings for the first six months totalled 15.5 million, an increase of 8.6 million over the same period in 1995. MTS has also gained higher revenues from local services due to an increase in local access lines. As of January 1, 1996, a \$2-a-month rate increase was implemented.

On October 26, 1996, Saturday, in the Winnipeg Free Press, there was a booklet with an article on MTS. I read MTS President and CEO Bill Fraser's glowing report on MTS. He states: We are positioned to become a regional North American hub. We are proud of our links to the community.

* (0020)

At what cost? The downsizing of the company through early retirement packages? The firing of 42 managers, last November, who helped to get MTS to the lucrative position it is in today? The release of term employees? The layoff of 100 field and service technicians earlier this year?

When was the last time MTS hired a summer student? All we see are signs telling us that they are not accepting applications for employment, and you wonder why the morale at MTS is at its lowest in history, especially with no job security for our younger employees, who are supposed to be our future.

Let us talk about the new jobs that privatization is supposed to create. History has shown that layoffs will occur. Workers will be hired back by private contractors at less than half the wage rate they are making before.

Let us not forget the \$400,000 public relations campaign to sell privatization. MTS advertising should be used to promote MTS products and services, not the agenda of the Filmon government.

What about our pensions? We are being told that our pensions will be fully guaranteed and protected under federal legislation. This is not true. Ottawa neither guarantees pension plans nor does it protect them. Ottawa will not be coming to the rescue of our pension fund, regardless of what Mr. Findlay states.

At MTS, we are sworn to a code of ethics when we join MTS. The government, on the other hand, seems to have a different book from ours. The government commissioned the same people who recommended the sale to do the selling, thus abusing its trust relationship with the people of Manitoba. We will not forget this on election day. Thank you for your time and patience.

Mr. Chairperson: Thank you for your presentation. Questions?

Mr. Ashton: Mr. Chairperson, perhaps, what we need to do is get the MTS code of ethics and see if we cannot apply it to MLAs and, particularly, governments that say one thing in an election, do another.

I am wondering if I could follow up on your final point because it just amazes me. I mean, I can understand that there is an agreement to disagree on the MTS issue itself. Obviously, I am opposed to the sale and government members apparently support it, but I share your concern over the abuse that we are seeing right now when you see the same three investment bankers who recommended the sale now benefiting from the sale. What amazes me is I do not think you have to be an expert on law or on ethics to understand of interest.

Mr. McWilliams: Well, yes, I do and so do a lot of the people I work with what a conflict of interest is, and I wonder what you think. Do you not see it as a major conflict?

Mr. Ashton: I am wondering what it does when you have a process here, and I will just put aside the political aspects of it for a moment, you know, the election promises and the rest of it, but I am just wondering what kind of integrity the sale itself has when you have these three investment bankers profiting and we are estimating—I hate to use the word “conservative”—a conservative estimate is about \$25 million on commissions. That is using a 3 percent figure. The range will range as high as 7 percent, but do you not think that in itself poisons the validity of the sale? These, by the way, are the same companies that are going to set the price, which we will not know about until two days after the sale goes through? Do you think that is a legitimate process to follow?

Mr. McWilliams: Even it was viable situation, and the fellows here on the right here are telling us all the truth and are perfectly honest about it, it seems to taint the whole deal. That is how we see it. That is how the guys around me that I work with see it.

Mr. Ashton: I am wondering, too, you know, just using common sense here, because I do not know if you own a home or a car or whatever, but let us assume whether it is a home or a car or something, do you not see this as being sort of akin to somebody coming in and saying, I am going to make a recommendation for you, say, a real estate agent, on whether you should sell your house or

not, guess what, I think you should sell it, and then turning around and saying, you agree to let me sell it, I am not going to tell you what the price is right now, but I will put it on the market? Is that not basically what the government is doing here with MTS? They are coming to the people of Manitoba saying, well, we want to get this bill through so that we can sell it. We are not going to tell you what the share offer is going to say, and, by the way, the recommendation to sell is coming from the people who are going to be selling it itself. Do you not think that if you were, as an individual citizen in the same situation, you might say no, and perhaps maybe the government should understand that they are not much different really than the average person?

Mr. McWilliams: You are right. There is no doubt about it. If any of you guys ever sold a house, the guy that comes to evaluate your house is going to try to sell it for you. He can double-end it, and that is what profit is all about.

Mr. Ashton: Just one final question, and, once again one of the things that really bothered me is, I mean, every time we have raised concerns on behalf of the many MTS employees—by the way, I have talked to hundreds of MTS employees about the sale, because I have gone around the province and I have made a point of talking to MTS employees. Many of them are concerned about their pension, many of them are opposed to the sale, but when I have raised these questions, often the minister says, oh, no, MTS employees are happy. They are happy with the pension plans and what not. You obviously are not, but I am wondering what other people are saying, other MTS employees, particularly about the pension plan itself. Have they given this deep consent? Do you know anybody that has given any consent whatsoever to what this government is proposing to do with pensions?

Mr. McWilliams: Well, they are really worried about it, to tell you the truth, and it has been brought to our attention in the course of the superannuation all along that these pensions, of course, have not been indexed properly, and we are concerned that they will not be indexed in the future properly. I have been to a demonstration, a presentation with superannuation. They have told me a guy that retired in 1980 making \$1,000 a month take home now makes \$2,200, but he needs \$2,800 a month to live the same way he did when he

retired with \$1,000. So, you know, we are worried about if it is going to be indexed properly, whoever handles it.

Mr. Chairperson: Mr. Sale, for a very quick question.

Mr. Sale: You mention on your first page that you witnessed first hand the problems of the aftermath of privatization of AGT. Could you tell the committee what proportion of that workforce, the 5,000 employees, who lost their jobs was, and what you mean by you witnessed it firsthand?

Mr. McWilliams: My brother was laid off by AGT, and it was—my sister-in-law who worked in human resources at the time thought it was a great idea. It was tremendous. They are too fat. They are way too big. They have got to go. Okay? Well, she went along with it, and now she is getting 40 to 50 phone calls a day, they are throwing another portfolio on her lap. She tells me she has to hide in her office and close the door sometimes for 10 to 15 minutes at a time just to get away from it all. She is working till six o'clock at night, and then she is on her computer till eight. She has a staff of 20, and still not enough people to do the job. She is down there on the weekend, on Saturday and Sunday, and she tells me another year of this and she has had it, she has got to quit. No time to take care of her kid. What is she going to do? Maybe look for a job where she can have some free time.

Mr. Chairperson: Thank you very much for your presentation, Mr. McWilliams.

I would like to now call Barbara Jones.

Ms. Iris Taylor (Private Citizen): Well, Mr. Chairman, I am not Barbara Jones, I am Iris Taylor, but I would like to present Barbara's oral presentation, if I may.

Mr. Chairperson: Is there leave from the committee for Iris Taylor to present Barbara Jones's paper? I understand, Ms. Taylor, that you will be presenting a paper as well.

Ms. Taylor: Yes, if I could still present my own.

* (0030)

Mr. McAlpine: Mr. Chairman, as far as I am concerned, as long as we stay within the 10-minute time limit for presentation and five minutes for questions, that should not make any difference.

Ms. Taylor: They are both relatively brief.

Mr. Chairperson: So leave is given?

An Honourable Member: Leave.

Mr. Chairperson: Okay, you may proceed.

Ms. Taylor: This is Barbara Jones's paper.

Why is MTS being sold? It is a profitable Crown corporation competing better than anticipated under competition. Mr. Filmon claims MTS will function more effectively, efficiently, and be better able to react quicker to market changes without government intervention. Then why does the government not simply get out of MTS's business and allow it to function on its own?

MTS has successfully operated from 1908 to 1988 without government intervention. Only when Mr. Filmon came to power did government put a stranglehold on MTS and effectively choke out its ability to react quickly to market changes. MTS knows how to run a telephone company. Let them do it. Why did Mr. Filmon make a point only a year ago of telling Manitobans that MTS was not being sold when in fact they had already approached three stockbrokers to come in and value MTS for sale? Mr. Filmon personally warned me—this is Barbara—in 1988 just before the provincial election to get out of MTS as an employee, find another job, because one of the first things he was going to do if he won the election was to get rid of MTS. He has systematically destroyed morale, job security and advancement within MTS, and has done everything to hold back MTS's competitive abilities and technological advances.

It seems that Mr. Filmon knew eight years ago where he was taking MTS, but chose as usual to keep the public in the dark until it suited his purpose

I cannot believe how rude you are. I am giving a presentation. I have stayed up. I have to work tomorrow. I have to be at work at eight o'clock in the morning. I look after large business customers; I work with people

that look after the provincial government at the Manitoba Telephone System. I will put in a full day's work tomorrow, believe me. So I would like your attention, please.

Why is it that Mr. Filmon afraid to ask Manitobans the present shareholders of MTS whether they want a public or private telephone company? Is he afraid that Manitobans will not support him? Does he realize that Manitobans want MTS left as it is? What about the economic impact of the sale of MTS on Manitoba? MTS employs over 4,000 people who are spread throughout the province. It does not take a rocket scientist to figure out that, once MTS is private, a vast majority of those jobs will disappear. We know that Mr. Filmon's intent is to sell MTS eventually to a large, out-of-the-province company, such as AT&T and Bell Canada, et cetera. Technology will allow for a vast majority of MTS jobs to be performed from outside the province and, in fact, outside the country.

What effect will this have on the provincial economy and especially those communities such as Portage la Prairie, Brandon, Thompson, Dauphin, The Pas, et cetera? These communities will be very adversely impacted by the loss of these jobs and income. What about the effect on service levels and telephone rates throughout Manitoba? AGT privatized several years ago with a loss of thousands of employees and a immediate increase of \$6 a month on phone rates with a like amount to follow. Will Manitoba be any different? No.

What about service and rates to rural and northern communities in Manitoba? Manitoba has the largest and most widespread coverage of northern communities in Canada under its network. Will a private company still provide service to the North when it costs \$13.90 for basic phone service today, and, in fact, the cost is \$48.64 for the service? Will a private company be satisfied with \$48.64 a month? No, they want profits at any cost and this will mean service cuts for a substantial increase in phone rates for this area. These people deserve to have a affordable phone rates just as Winnipeg does.

Are we to become a province where a means test will determine if you can have a phone which may or may not be subsidized as they do in the United States? A private company will not have the same commitment to affordable telephone service for all Manitobans that MTS has today.

Mr. Filmon is asking Manitobans to buy a company that they already own. MTS belongs to people of Manitoba. They may be a Crown corporation under this government, but then who is the government but the people of Manitoba? Mr. Filmon, listen to the people of Manitoba. They do not want this phone company privatized. Yes, MTS has a high debt ratio, but why? The money has not been wasted but has provided one of the most extensive networks in the country and has given every Manitoban affordable and reliable telephone service.

Has the government looked into other ways of raising capital to lower the debt? What about an MTS bond like the HydroBond? What about a merger with SaskTel? No, Mr. Filmon is going again to balance the budget on backs of Manitobans by selling off the telephone company. The Jets did it last year, so what else is new? He must sell something to balance the books.

I would like to keep my job at MTS. I am sure you as MLAs would like to keep your positions in the government. If you do not listen to your constituents, you will not have a job after the next election. Do not sell our telephone system. And she signs off as a concerned customer of MTS and also an employee. Thank you.

Mr. Chairperson: Thank you very much. Do you have questions, sir?

Or do you want to proceed with your second paper?

Ms. Taylor: I might as well do the question period both together.

Mr. Chairperson: Okay, please proceed. You have copies for distribution? Please proceed.

Ms. Taylor: My name is Iris Taylor, and I reside in the City of Winnipeg. I have worked at the Manitoba Telephone System for 19 years. My family has lived in Manitoba since the early 1900s and I come from a staunch Conservative background. Through my family's taxes, we have helped pay for the Manitoba Telephone System. The taxpayers of this province own MTS, and I believe that if the government's intention was to sell MTS, then they should have informed the residents of Manitoba before the last election.

MTS has been able to maintain an excellent customer base in both residential and with business customers. The customer have remained very loyal to the company even with increased competition. It is government interference that has hindered MTS from doing even a better job. Our pensions are at risk with the privatization, and I wish the committee to refer to the attached letter to the editor re MTS pension plan—and I will read the letter. It is by Professor Jesse Vorst from the Department of Economics, University of Manitoba.

“Pension claim patent nonsense. According to Glen Findlay, minister responsible for the Manitoba Telephone System, a possible privatization of the telephone company will not threaten the pension fund (Profit won't kill MTS sale: Findlay, Winnipeg Free Press, Oct. 16).

“Reporter Alice Krueger quotes the minister as saying that the pension plan will be fully guaranteed and protected under federal legislation.

“Hogwash and patent nonsense. Ottawa neither guarantees pension plans nor does it protect them. There are federal rules aiming at some assurances for employees that their plans cannot be abused by the company. These rules do not safeguard the pensions themselves.

“If the lessons from privatization and corporate takeover elsewhere are to be learned, MTS employees (current and future) can expect a decline in quality of their pension fund and a rapid stripping of any 'surplus' funds that could have been used for improvements or just for long-term stability of current benefits.

“Moreover, in a privatized, restructured, lean-and-mean MTS, management will be able to extract concessions from employees, gutting the pension plan forever.

“And Ottawa will not come to the rescue, Findlay's assurances notwithstanding.”

“And Ottawa will not come to the rescue, Findlay's assurances notwithstanding.”

Again, that is a professor of economics.

* (0040)

I believe, as taxpayers and employees, we should have a say, if MTS is to be sold or not. I believe the Conservative mandate is to privatize home care, MTS, Hydro, et cetera. Why, I ask you. The system makes money for the province, generates revenue, boosts the economy through the wages that are paid to the workers. MTS employs workers throughout the province. If a private company were to purchase MTS, these rural communities would suffer. Rates would increase similar to Alberta. Bell Canada in Toronto is looking to contract out the operators' work, 70 full-time positions. Good unionized jobs with good wages will be lost to 70 women in Toronto. The operator's work, not the operator, will be moving to New Brunswick or Phoenix, Arizona. The operator remains on unemployment insurance and seeking employment.

How does this help our economy or create jobs? I say to you that, if this Bill 67 is not tabled, I promise you there are thousands of Manitobans who will not forget this autocratic, not democratic, action taken on the part of the Filmon Conservative government. At the next provincial election, this message will come across loud and clear. Tories, please rethink Bill 67. Just forget it. Leave the little pot of gold, and this is what we call ourselves, the best little telco in the universe, MTS, alone. Thank you.

Mr. Chairperson: Thank you very much for your presentation. Questions?

Mr. Ashton: I appreciate your presentation, and I was kind of struck by your last comment about the best little telco in the universe. We have heard a lot of people come to this committee who work for MTS who have talked about some of the problems with morale, particularly in the last few years, with some of the things that have happened with wages, et cetera, and government legislation and what not.

One of the things that has come through, and it has come through, I know, in talking to people throughout Manitoba who work for MTS, is there is a real loyalty to this publicly owned phone company. I am just wondering what your perspective is as a MTS employee on what is likely to happen if it is sold off. Do you see it being the same company, and do you see the same sort of loyalty from employees?

Ms. Taylor: Well, I work in the Trizec building. I work on the 11th floor and we are also situated on the 12th floor. From about the sixth floor, six, seven, eight, nine or seven, eight and nine, 10th floor, just below us, is AT&T, and one of the brothers there mentioned the old Pacman, and this is what we see. No, morale is not good. What we find satisfaction of is serving the customer, like serving the people of Manitoba. That is where we get our job satisfaction from.

So we do not really like what is happening to the company at the present time. I can see maybe the installation group being totally contracted out, where they would have fax machines in their homes and their work orders being faxed directly to them at their work centres. We would be more like a call centre situation. We would not just be looking after Manitoba Tel customers. We could be looking after different customers, too, but what happens is the expertise—it takes us a lot of years to learn that telephone equipment. It is not just something that you can—I have done my work from a residential customer to a large business customer over a period of 10 years. I know all sorts of switchboard telephone equipment that has taken me a long time to learn. You lose all that expertise.

Mr. Ashton: Well, I am wondering, too, because we talked earlier tonight about the process that was followed. The government had this report from the investment bankers. The decision was announced on May 2. There was a lot of talk about employees' involvement, et cetera, at the press conference kicking it off.

Were employees involved at all before that or after that? Were you even involved in this huge change to the way MTS will operate?

Ms. Taylor: Involved in what, Steve?

Mr. Ashton: In anything to do with the pensions or the bill, the sale. Were you involved at all?

Ms. Taylor: No. I worked with—I am the vice-president on my local, Local 7, a CEP local, and I know that Maggie had been working with the company. I know they are working on putting the pension language into the contracts. We are doing the collective bargaining process right now, so we are trying to get some coverage that way, but for us, I think, what is happening is the union is

going directly to the company and saying: we need to talk about this; we need to get some assurances. No, I do not believe they were dealing with the government; they were dealing with the company. We have no problem with the company. We have a problem with government interference with the company.

Mr. Ashton: I want to thank the presenter. It is really late, but I really appreciate the perspective. I know we have had many opportunities, and I have had the opportunity to talk to many MTS employees in addition to yourself. Certainly, I appreciate the perspective you bring as an MTS employee, and I know you speak for a lot of other employees. So thanks for sticking with us at this late hour.

Mr. Chairperson: Thank you, Ms. Taylor.

I would like to call Edie Henry. Do you have copies for distribution?

Ms. Edie Henry (Private Citizen): I do.

Mr. Chairperson: Please proceed.

Ms. Henry: Before I start, I just want to say I know it is late, and I want to thank you for hearing us tonight, for letting us stay. For you, it may be a few hours of sleep that you are going to miss this week, however, as an MTS employee I feel that this is my life. My whole life is on the line here.

My name is Edie Henry, and I live here in Winnipeg with my husband and my three children. I have lived in Manitoba since I was 11 years old, when my family moved to Flin Flon. When we moved there, they had just received private lines, and I can remember how pleased my mother was because we had left rural Saskatchewan and we had party lines there. We could hardly believe that anyone had a private telephone line way up in Flin Flon.

I started working full time for the Manitoba Telephone System in 1972 in The Pas, Manitoba and I started in operator services and worked in operator services for 17 years. In 17 years in Operator Services, I have seen a lot of changes. I am now in the clerical department here in Winnipeg and I enjoy that as well, but nothing can beat the days of my operator service days. In The Pas, we had

60 to 70 full-time operators. We had operators that just worked northern radio, and after you were there for a spell of a time, you could work northern radio because you had the seniority. That is where I worked for most of the time that I worked in The Pas, was northern radio. We provided service to remote services like Shamattawa, Waasagomach, York Landing and Brochet, and many of the other remote, isolated areas.

Just to give you some humanity to MTS, you are not just selling a company. You are selling memories, dreams and things that were built and good customer service. When the manager at The Bay in Brochet was getting married and the only civilization he had was me from four o'clock in the afternoon till ten o'clock at night, I not only walked him and his fiancé who lived here in Winnipeg through their wedding plans, but was fortunate enough to be invited to that wedding, a stranger he never knew, and we never met until that day. And it was a wonderful wedding.

I think of the service that we gave as operators to seniors who said, Central, could you give me the number, you know the new place on the corner? Well, yes, we did know the new place on the corner. Unfortunately, that kind of service is gone now, and that hurts my heart because my father is now a senior citizen and he still expects that kind of service and, unfortunately, it is not there for him. But those are what MTS was built on.

After I was married and started my family, I was thankful for the fact that MTS allowed me to go from full-time to part-time employment, so I could be with my children when they were small. I was also able to pick the hours that I was able to work. Because of this, I was able to work evenings, my husband worked days, and therefore we did not have any child care worries. When our youngest started school, I was able to go back full time. In my opinion, and in other women's opinion for MTS, those who have had the privilege to do that, we always felt that MTS was tremendously supportive of good family values, and that is not the case today, unfortunately.

You know, what I am trying to say is that MTS is a great company to work for, and I have always been proud of working for this company. It is our company. It is owned by the people of Manitoba.

* (0050)

I have often thought of how frightened we were at the prospect of deregulation. In hindsight, I see there was no need to be worried at all because the people of Manitoba were loyal to us and they showed their support. The bonds are obviously strong with the people of this province. MTS has a solid reputation of providing excellent service at very affordable rates, the lowest in North America. How long will a private company keep this reputation in place? I think of the people in northern Manitoba. How long will their service and their rates be what they are today under a private company?

The government gave us no indication during the last election that they were going to sell off MTS. In fact, when we asked, they denied that they were even considering it. Was this a ploy so they could get re-elected? I believe that this is deceitful, and I believe that the people of Manitoba have a very good reason to be angry. I am angry. I am very angry. This is a Crown corporation owned by the people and for the people, and I believe that we should decide whether or not MTS should be sold, not just the politicians. They have not been mandated to do this. It is unacceptable that this important part of Manitoba economy is being sold and privatized with little or no discussion. Premier Duff Roblin said he was proud of the fact that whatever profit there is in the operation from this time on will belong to the people of Manitoba rather than a private company.

I think it is terribly, terribly sad that the government today does not share Premier Roblin's sentiment. Thank you for your time.

Mr. Chairperson: Thank you for your presentation. Questions?

Mr. Ashton: I really want to thank the presenter giving that perspective, I mean coming from Thompson, northern Manitoba, actually representing York Landing. It is a community I travel into on a regular basis, and I have certainly been to Shamattawa and Brochet many times. You know, I know how important MTS has been.

I am wondering, you mention about the original days in terms of the radio service, and I realize that we have since moved on, but what we have moved into is state-of-the-art phone service in each and every one of those communities, which is something I am very proud of and something I think is only something you get from a

publicly owned phone company. I realize it perhaps changed your work, your life, in that sense, but what is your sense in what MTS has meant to northern Manitoba through those kinds of initiatives as well?

Ms. Henry: Well, you know, I am really glad you asked me that, Mr. Ashton, I am, because I was really bothered a little bit earlier by Mr. Penner when he was saying that rural, you know, southern Manitoba or rural southern Manitoba did not have access to cell. Well, let me tell you, Mr. Penner, that people in Shamattawa and Wekusko and Waasagomach and York Landing and Brochet will not sympathize with you because they had northern radio, their only link to civilization, and let me tell you, I put through many, many air-ambulance calls, that those people would have been dead. What would have happened? When they got land line, I remember when they got land line and I remember, I think they are still rejoicing in some of those communities. So because you do not have cell service, I am afraid the people of the North, in that area they cannot, I am sure they will not care about that with you.

Mr. Ashton: It is ironic actually that cell service is actually being extended now into northern Manitoba. Thanks to MTS, we have it in Thompson. It has just been extended into Flin Flon, and, I believe, The Pas as well, or it is in the process.

An Honourable Member: That is right.

Mr. Ashton: The minister says, that is right. In fact the minister, himself, in a previous life, before this big proponent of privatization used to tell us how, I think, we have got the highest coverage of any province in the country. That does not mean 100 percent, but I think it is well over 90 percent of the population, 92—

An Honourable Member: 90 percent of them, yes, 1995.

Mr. Ashton: Yes, 90 percent. So I think, and I appreciate Mr. Penner is concerned about it in his area, but hopefully, perhaps, he can lobby the minister before it moves over to a private company. I do not think he is going to get too far with that.

But I am wondering, I want to focus into, I really appreciate the northern perspective, but you said right in

the brief MTS is a great company to work for. You know, I have heard people tonight, presenter after presenter, talk about that. There was a presenter talked about the AGT before, and I also have talked to some people who worked for AGT, including a former manager of the AGT, a former manager at Ed Tel, which has been privatized. Do you know what he said to me? He said it was not the same company to work for right after it was privatized. He said the senior managers got big increases, but—he was a senior manager at the time—he said they lost a lot of employees, they were contracting out, and he said just the whole way the company operated changed dramatically the day it was sold. He lives in Manitoba now. It is one of the reasons I have had a chance to talk to him directly.

I am wondering, are you concerned that the same thing will happen to MTS here if it is sold off?

Ms. Henry: Absolutely. When I talk about the good old days, because I am a 23-year employee and I want to stay employed by MTS, but I want to stay employed by a publicly owned telco—I worry about what is going to happen to us when we go private. I worry about even the service that we supply today is still so terribly personalized. Even though I do not work with the external customers, I work with internal now, with co-workers, people like Phil Curtis, who presented tonight, as well, I work with those people now, but we still have that personalized service. We still can push that order through.

I can give you a prime example. It is the end of the month right now, and where I work is assignment, so if you do not have cable in pairs, then you are not going to have telephone service, and so you rely on me for those cable in pairs and that order. Everybody wants to move at the end of the month, and they know they have to move two months ago, but they are going to phone tomorrow morning and you are going to say to them: And when did you want to move, and when did you want service? They will say, "today," because that is just the people. So what do we do? We push that order through. It comes to me. I provide it as early as possible to give it cable in pairs, and people like Phil run out there at the last minute and install that. I am sure, I will bet my bottom dollar, that a privatized company will not give that kind of service.

Mr. Chairperson: Mr. Penner, for a quick question.

Mr. Penner: Mr. Chairman, it is certainly not, that was not my intention to be disruptive before, and I apologize to the presenters if I was and especially the previous presenter.

I also want to indicate that Mr. Ashton has a nice way of reciprocating when one makes comment but, of course, that was not recognized before, and I just want to make mention of that.

The interesting thing that I want to mention to you is that I think most of the MTS employees are absolutely dedicated employees, great employees. I live in rural Manitoba, I live out in the country, and seldom ever have we had a failure of our system that we could not call, and within hours I have had somebody there to fix the problem, and we truly appreciate that.

However, services to us where I live, and I live six miles from the U. S. border, are available from other sources than just our Canadian sources. I can switch my cell phone to roam and pick up American stations, and they provide me excellent service, excellent service at no more cost than we pay in Manitoba, and we use that service. Were it not for that service we would simply not, in the southeast part of the province, be served. So we are able to switch into the American system as northern communities cannot, and I realize that.

However, can you tell me, being a long-term employee at MTS, can you tell me what the long distance rates were that MTS charged five years ago and what they are today on a per-minute basis?

Ms. Henry: Well, you know what, I have not been in operator services for the last seven years, so I cannot tell you that because I do not remember what the rates were five years ago.

But I would like to ask you a question, Mr. Penner. If you can switch your cell to roam, where is your loyalty for a Manitoba company?

Mr. Chairperson: I am sorry, the time is expired.

Ms. Henry: Thank you very much for hearing me.

Mr. Chairperson: Thank you very much for your presentation.

I call Kenneth Emberley.

Mr. Kenneth Emberley (Private Citizen): Here are copies of my brief, and I beg of you, gentlemen and ladies, do not try and read it, because I have a short time to say a lot, and those are background papers for your study later on. I beg of you to be patient with me.

Mr. Chairperson: Please proceed.

* (0100)

Mr. Emberley: Thank you. I am sort of pleased to be here, but enraged, frustrated and ashamed. These are supposed to be public hearings, but this is a private hearing in a back room of the Legislature. There is no public. These are presenters, and you people would not put this on cable television because you would be terrified to have the people learn the truth about what you are doing. This is not a democratic public hearing. This should be declared null and void. How many of the million people in Manitoba are allowed to hear the discussion of a so-called public hearing? How many sound bites of one-third of 1 percent of a presentation are on television or in the newspapers? It is a disgrace that 20 years after the technology became available into the city that you would not put these hearings on television. I am ashamed.

To me, a government has a duty. I think they have a fancy word called fiduciary, something like that, a duty as a devoted mother or a parent or a trusted guardian, something like Indian Affairs was supposed to have for the Indians but never believed it. You have a duty to Manitoba.

The telephone system belongs to the people of Manitoba, was created over three generations. In theory, the million people in Manitoba have a thousand dollars each at stake. A family of four has a \$4,000 stake. You have no right whatsoever to secretly sell it away from underneath the people. You have no right whatsoever. It could be classed as a criminal act, I am sure.

There is no balance in the discussions here, no balance. At other hearings the hatred of labour, privatization,

destroy the Crown corporation, destroy the creation of the people of Manitoba. And 75 years of the governments of Manitoba, including Conservative and Liberal and NDP, created and maintained the telephone system. What is the new religion that wants to privatize? What is the motive?

There is such a huge amount of propaganda on privatizing the last 10 years, the last 15 years. The two biggest networks in the United States are owned by the military, Westinghouse and General Electric. The other one is owned by a company that specializes in making fantasies and imitation things more real than nature. Three fraud artist groups, outrageously inefficient in the military. Brutally authoritarian, aggressive militarily around the world, and what are they having an influence on our lives and the policies of Gary Filmon and his government?

I have often told you about a manuscript called Managing Public Opinion, Alex Carey's manuscript. When I deliver tomorrow the copy of these basic papers that are mentioned in here you will get a copy of it. He details the 80-year campaign of major corporations led by the National Association of Manufacturers to prevent democracy in North America, to maintain corporate power, to control the policies of government. There has been a hate war since 1908, organized, a massive hate war. The McCarthy era was just one drop in the bucket, there were ones like it after the First World War.

They got 196 U.S.A. corporations organized in 1972 and in eight years they were able to create Ronald Reagan for two terms as an extreme right-wing government. They organized Tom d'Aquino's Business Council on National Issues, 1976. Eight years later we had two terms of extreme right-wing Conservative government in this country, sold our country to the United States. This is a new religion. There is nothing good about it, nothing decent about it, nothing moral or honest. You may think I am being unkind.

I want to mention to you a little tiny manuscript I have, Trading with the Enemy by Mr. Higham. I include excerpts here on page 162. Irene DuPont of General Motors, a devoted fascist and admirer of Adolf Hitler all during the 30s; J.P. Morgan's bank, a supporter of Irene DuPont; Henry Ford, an ardent fascist since 1920. The Gallup poll in 1940 said Henry Ford was the third

greatest man in the world after Jesus Christ and Napoleon. For 25 years he sent Adolf Hitler a birthday card and 50,000 reichsmarks. In 1934, Henry Ford and Irene DuPont sent their children over to Germany to help co-ordinate the building up of the United States military. They created the bank together with Britain, France and Germany so that they could carry on looking after the Jews' gold that you get headlines in the paper. It tells all about this in the book written 12 years ago in Britain. Irene DuPont, 1934, led a fascist coup against Franklin Roosevelt, and they knew he was a communist because he was feeding the starving unemployed in the Depression. Only a communist would do that; certainly not a Christian or a capitalist.

We have the same guys running my country today through Tom d'Aquino's Business Council on National Issues, the Fraser Institute and the 27 right-wing corporate think-tanks in the in the U.S.A. You do not know what is going on in this world. I have it all documented for you here. You think we do not know anything. Do you think we do not know about the massive organization of propaganda and the war against the lower classes, the war against trade unions which you people are conducting right now in keeping with the latest?

How many of you know that the United States CIA killed six million people around the world and 35 revolutions, religious, racial and civil wars that they organized to protect the United States' growing transnational corporation empire, which took over all of the British and the French and the German and the Portuguese and Spanish empires right from Cuba to Vietnam? How many of you know that Ho Chi Minh was an aboriginal person from Vietnam who started in 1919 to try and ask for democracy for Vietnam? He tried to approach President Wilson in 1919 and it took him to 1972 to defeat the United States. Ollie North spent seven years building \$20-billion worth of military bases all over Saudi Arabia, so when the United States was ready and George Bush needed it to win his election, they went over and killed 800,000 Iraqis to help George Bush win an election and get even for the defeat in Vietnam.

Now, let us talk about democracy. What is your duty to the people of Manitoba not to destroy—

Mr. Chairperson: Two minutes.

Mr. Emberley: Two minutes, thank you, Sir.

I want to show you something about the deficit and the debt. I have two graphs inside here. They show in 1950, corporations and individuals paid \$960 million in income tax, federal direct income tax. Forty-five years later, and the graph shows the American and Canadian taxes cutting at exactly the same rate controlled by the international corporations over 45 years, until in 1983, '87, '88, corporations were paying a billion, \$2 billion, \$3 billion in taxes. Private individuals were paying \$57 billion in taxes. The growing underground economy is the untaxed billions of corporate profits that the corporations have insisted our country—and your whole story of every economist and politician on the deficit and the debt is the biggest lie in the history of the world.

* (0110)

There are two pages in here from Profit Parasites detailing the United States' deficit since 1929. There were only five years there was not a deficit; for 35 years it increased steadily. Ronald Reagan, the ultra right-wing conservative, increased the deficit most of all. The same, we had a deficit here since 1967. The debts of the corporations, the debts of consumers are just as big as the debts of the government. But the businessmen never say that the businessmen should pay off their debt. The businessmen never ask the consumers to stop spending until you have paid off your debt. Oh, no, there is a hate war against government debt—

Mr. Chairperson: Mr. Emberley, your time is up.

Mr. Emberley: —and as soon as the debt is wiped out, as long as our social programs are wiped out, then they will forget about it and keep on creating the debt.

Mr. Chairperson: Thank you. Questions?

Mr. Ashton: Yes, to Mr. Emberley. I have had the opportunity to listen to your presentations on other issues in the past, and certainly you always provided global context. I am just wondering in terms of this sale, do you feel that the government has any moral or ethical or even potentially legal right to sell off MTS given the fact that we, the people of Manitoba, essentially own it, and they have never once given us the opportunity to have any vote on whether it should be sold or not?

Mr. Emberley: To me it is the most, I do not know—there is a fancy new word come out, despicable. It is a despicable trick to take a successful company that has operated. They destroyed my VON, now they are going to destroy the MTS. There is only one reason to destroy it, one reason. It is the new privatization deregulation religion. If they can cut the price \$200 million or \$300 million—Mr. Filmon has promised to do that—then they will sell it to a group of rich men, and the rich men can get richer.

I bet you anything in 10 or 15 years when a bunch of these cabinet minister retire they will have some sort of an invisible, inconspicuous supplementary pension from the companies that did the sale and the companies that bought it. Brian Mulroney did that. He has got four \$40,000 a year directorships selling my country to the United States. And that is a suspicion, Sir, just based on the last 30 years of records.

I do not think the government of Manitoba has any moral right and no financial reason to sell the MTS. If they had a fiduciary duty as the government and a responsibility to the people of Manitoba—but the Gary Filmon government, like the government in Ottawa and Susan Thompson, they have a responsibility to the millionaires, the billionaires, to the multinational corporations and to a few of their rich colleagues and just enough voters in their places in the country to get them re-elected, and they will have massive corporate propaganda to help them, you can be sure of that. And the unions will have less funds and less democratic equality than ever before to help balance the country, so that there is not just a one-party, religious, fanatically dedicated religious one-party dictatorship if the opposition does not have any strength.

The only opposition available to business, opposite to business, is trade unions. So I suggest that Mr. Filmon should hold these public hearings all over again during the next six months; broadcast on television cable, and then the cable film can be sent to the town of Dauphin and to the town of Swan River, there is a town up there at Churchill, and there is one way out in Brandon and Portage la Prairie and Selkirk, and let the people of Manitoba. No public here. All servants and interveners. It is not a public hearing, I humbly suggest, it is a giant government corporate fraud to hold this as a public hearing. I humbly beg of you to examine inside your

hearts and consciences and think how the hell am I going to explain this to my children if somebody finds out about this. That is what I ask you; I beg of you. The only reason to sell MTS is because of the new fanatic corporate religion of privatization and deregulation.

Do you know what the record is in the U. S.? In one minute. Ronnie Reagan came to power in 1980. There were 800,000 millionaires. It took 200 years. Ronnie Reagan privatized, deregulated all the banks, savings and loans. It would take \$1,000 billion to pay back the savings and loan thefts. More banks collapsed in five years than the previous 50 years. He made 700,000 more millionaires and 58 billionaires in eight years, almost as many as were created in the previous 200 years. Now that is the crime wave of the century and only 1 percent of the criminals were ever punished. And I suggest Mr. Filmon should not try and copy that.

Mr. Chairperson: Thank you, Mr. Emberley. The time is expired.

Mr. Emberley: I thank you for your patience and courtesy. I hope you did not think I wandered because this is my country and this is my world, and I was born here, and I want to fight for it. I would never fight for a government again if there was another war; never. I would never fight on the side of the government, but I have a right to fight for my community and in your community too, Sir.

Mr. Chairperson: Thank you.

Mr. Emberley: Thank you for your patience.

Mr. Chairperson: Call Erin Minish. Do you have copies for distribution? You do not?

Ms. Erin Minish (Private Citizen): It is just an oral presentation.

Mr. Chairperson: Please proceed.

Ms. Minish: Thank you very much, Mr. Chairperson and members of the Legislative Assembly. My name is Erin Minish, and I am a private citizen. I will admit that I have never attended anything like this before, and I think it is important for you to know that because I am actually very concerned about the possible sale of MTS,

so I have come down here and stayed late into the morning. I do want to try and just say how I feel that I think it is a very serious thing that MTS will be sold. I do not want to date myself, but I have actually been able to vote a couple of times, but please do not hold that against me. I am still very worried about the ramifications of MTS being sold. I would also like to point out that many people before me, much more eloquent than myself, have provided excellent reasons why Bill 67 should be tabled and, again, I am here to express my wish that MTS will not be sold.

Interestingly enough, I found information about Bill 67 on the Internet with the help of MTS phone lines. As you know, all government news releases are posted on the government web pages, and without reasonably priced phone lines I would not have been able to afford to use my modem to access this information and information about this proposed sale. From my search I discovered a couple of things that kind of bothered me. One was that on December 8, 1995, there was a news release on the Net that describes a description of Phase 2 restructuring at Manitoba Telephone that specifically states that the province will not consider any options with respect to the ownership of MTS until the method of recapitalization is agreed upon.

Unfortunately, there does not seem to be any release of information, at least electronically, about their decision with regard to recapitalization until May 2, 1996. This is quite a few months later. On that day, it was suddenly revealed that MTS was going to be sold as a private company. I do not really know much about politics, as you can guess, so I am not sure how bills are developed and what the steps have to go through, but it seems to me that the decision was either made very hastily to sell or it was considered for some time without really letting anybody know that it was being considered. I am just concerned that maybe Mr. Filmon and his government have made a big mistake. I do not know.

Something else that I found from the electronic news releases, on May 31, was that the full details of the public share offering including cost per share, the employee share plan and details on the preferential Manitoba sales period will be announced after legislation is passed and at the time the prospectus is filed. Again, I am not particularly economic oriented or have any political skills, but I just kind of find it strange that this

information will not be released until after the sale is already a done deal. I think a reasonable businessperson would want to have this kind of information before something like this was sold. Again, it has been mentioned many times that there seems to be a lack of guarantee from the government or at least some sort of ironclad contract that MTS would stay in Manitoba and it would be majority owned by Manitobans. I know it is said that they will do it, but people seem to be saying over and over that we do not really have any ironclad contracts that we can keep this here.

As well, I am curious that if MTS has to be sold and this bill is pushed through no matter what has been said that all of the MTS families will be sold. I understand that MTS was changed and there is MTS Net, MTS Com and MTS Mobility. There were some new presidents brought in and I cannot seem to find any information about this even though supposedly we own it, how this would be sold off, if it is going to be sold off in chunks, if it is going to be one big clump. I just cannot seem to find information on it. I just sort of think that since we supposedly own it, I would like to know.

In conclusion, beyond the whole issue of whether MTS should be sold or not, which I do not believe it should be, I am most disturbed by the fact that Mr. Filmon has not been honest. It has been previously stated several times that he provided assurances during his 1995 campaign and then again while he was in power that MTS would not be sold, and apparently Mr. Findlay said this as well, that it would not be sold.

I have to again say, I do not have much experience with the political system but I just do not get it. How can the government of a province lie to the people and expect us to trust them? I just do not get it. Or even how do they get to stay in power after obviously not telling the whole truth?

* (0120)

It also disturbs me that it was mentioned that this sort of whole process really means nothing, that this bill is just going to go through. I think Mr. Derkach made a comment that this bill is going to go through, so why are we here? Are you really paying any attention to what people are saying? That is another thing that kind of disturbed me.

So finally, I ask you to consider this. If I was your daughter or granddaughter, can you in total honesty tell me that Bill 67 will be good for me and that you have told me absolutely everything? I really hope you will table Bill 67 or at least bring it to some sort of vote so the public can have a say. Thank you for your time for staying awake and still appearing to be very alert. Thank you.

Mr. Chairperson: Thank you for your presentation. Questions.

Mr. Ashton: I want to really commend the presenter. I should also mention that I do have a web page, and my e-mail address is Ashton@MTSNet. I use MTS for the Internet services.

I want to get to a point that you referenced because this came up earlier tonight as you may recall. I think you hit the nail on the head. We are dealing with the situation here where either you are supposed to believe that the government made a decision in two days—and I find it really fascinating that you followed this electronically with some of the government news releases—or that this decision had been made for quite some time but that that was not reflected in the public statements. Either one of those two scenarios is fairly clear what has happened here. Do you think that either is acceptable? Is it acceptable that they either made this decision in two days or that they had this decision basically that they already had in mind and then did not tell people?

Ms. Minish: I would agree that I think either decision really does not seem to be that someone is either planning well or they are trying to be secretive about it. I hope that the present government system is not in any conspiracy stuff. I mean, X-Files is a TV show; this is the government. But either decision I think if it is hastily done or if it was done secretly, I think either one it is not good.

Mr. Ashton: Well, actually, I think part of what has happened with MTS would make a good script for the X-Files because it certainly defies logic. There are some mysteries that we still have not gotten to. But I want to reference your point as well and to the whole question of here is a government that said, well, we are going to make this decision to sell it off and for whatever reason. It has a bill introduced at the Legislature, and as of

November 7, if the government can keep its majority and push the bill through, the bill will pass but we still will not know what is going to be in the prospectus. We will not know the details of the sale. All we know, incidentally, is that information you were able to access on the May 2 news releases based on a seven-page report from the investment bankers who are now selling the company.

I am wondering, you mentioned yourself looking at this as a relatively new voter—I mean, you have said you have voted a number of times already—do you think this is any way to make such a major decision, not know what the price is, not tell people what the price is before you actually decide to sell it?

Ms. Minish: I think that because it has been reiterated that people do own MTS technically, we do not already have to have shares, that it seems very strange that the people have not had a say in this sale or at least have information so that they can ask people before you do this, is this what you mean, just be able to clarify. Even just some clarification would be really great.

Mr. Ashton: Well, I think you raise an important point, because we are opposed to the sale in the opposition and I know many other Manitobans are. What I find particularly frustrating is exactly what you are saying. In fact, I would not say there is no information. When there is information it is contradictory, misleading. I could use some other words, but there is a whole web of things here that we are still trying to unravel and it seems like we get new information on a regular basis.

I just want to ask you one final question looking at your prospective and—by the way, I really commend you for coming forward at this committee and staying as late as you have. If you had an opportunity to talk to Mr. Filmon or any of the government MLAs here and try and persuade them to be one of those two government MLAs I talked about that could sink this bill if they voted the other way, if they voted against the bill, what would you say to them privately, personally, to try and persuade them to change their mind and vote against Bill 67?

Mr. Chairperson: Ms. Minish for a very quick answer, please.

Ms. Minish: Well, I guess that I would just try to say that, well, do you agree with the way that Mr. Filmon has

approached this, because it seems clear to me that if my Dad had said, no, I am not going to sell it and then he goes on to say that okay we are selling it, I would be very upset with my Dad. I am a young person and people who are similar to my father's age—no, I am not trying to make anyone feel old. It just seems that it does not seem very fair and sort of right. I mean, the government is supposed to be representing a good society and so forth. Sorry, I am just getting a little nervous.

Mr. Chairperson: Well, thank you very much. I am sorry. Did I cut you off?

Ms. Minish: No. That was it.

Mr. Chairperson: Thank you very much for your presentation.

Ms. Minish: Thank you.

Mr. Chairperson: I would like to call Emile Clune. We appreciate your patience for all the time you sat last night and all the time you sat tonight.

Ms. Emile Clune (Private Citizen): It is all right. I have lots of patience.

Mr. Chairperson: Do you have—

Ms. Clune: Yes, I do. Just a sec till I get mine out.

Mr. Chairperson: —handouts? Please proceed anytime you are ready.

Ms. Clune: Yes. I just want to take a drink. Thank you, Mr. Chairman.

Before I begin my presentation, I would like to make a comment. I have sat here since 6:30 this evening listening to speakers and watching what was happening in the room. I have to tell you that if my grandchildren behaved as badly as some members of this government have behaved, they would get a time out, they would lose privileges, and they would be forced to apologize. Now I realize it is probably beyond your jurisdiction to give members of the committee time outs and I am sure you cannot force them to apologize, but I can assure you that following the next election, these members will certainly have lost their privileges.

All right, Mr. Chairman, members of the committee, thank you for the opportunity to appear before you to speak on the privatization of the Manitoba Telephone System, Bill 67. I oppose the sale. The government has no mandate to sell MTS. It does not belong to them. MTS is owned by the people of Manitoba, and they are the ones who should decide the future of their telephone system. During the last provincial election, Manitobans were deprived of the opportunity to make that decision. The Tory party, knowing that this issue might cost them the election, chose to deceive the electorate. No mention was made of the sale throughout the election campaign, even though it is now obvious the sale of MTS was a high priority item on the Tory agenda.

* (0130)

Following their re-election, the deception continued. When rumours surfaced that MTS was for sale, Premier Filmon denied it. The Premier lied. It was only in the spring of this year, when plans related to the sale were well underway, that Premier Filmon finally told the truth. The Premier informed Manitobans that the government had hired outside consultants to do an independent analysis of MTS' financial status and to make recommendations on how MTS should be funded in the future.

These consultants, Wood Gundy, RBC Dominion Securities and Richardson Greenshields, are investment brokers who will be selling shares in MTS stock if the company is sold. Surprise. They recommended the privatization of Manitoba Telephone System. To hire companies with a vested interest in ensuring MTS will be sold is certainly unethical, probably illegal, and a clear conflict of interest. It can only be compared to suing the devil and holding the court in hell.

Any recommendations made by these three companies are obviously biased and should be invalidated. MTS has provided Manitobans with excellent affordable service for over 80 years. It is a well-run, profitable company. In the first six months of 1996, as many people have told you already, MTS profits totalled \$15 million. The profits from MTS stay in Manitoba and are used to benefit Manitobans by keeping our phone service affordable. Not so with a private company. Their profits go directly into the pockets of their shareholders.

MTS employs close to 4,000 people province-wide. It maintains offices in Selkirk, Steinbach, Portage, Morden,

Boissevain, Minnedosa, Brandon, The Pas and Thompson. The MTS payroll contributes significantly to the local economy in these areas. It is most unlikely that a private company would keep these offices open. In fact, given today's technology, there is no guarantee that any jobs would remain in Manitoba. It is common practice nowadays for companies to operate where they can hire workers at the lowest possible wage.

The government would have us believe rates will not increase under a privatized system. This is untrue. Presently, the profitable sections of MTS subsidize the nonprofit areas. Under a privatized company, subsidization will end. As a result, the people in rural Manitoba or rural areas will have to pay the true cost of service, and rates could be as high as \$50 per month. Free local calling will cease to exist. Instead of costing nothing to make a local call, calls will probably be metered and will be charged as per the length of the call. We do not want this in Manitoba.

I will now discuss the issues of pensions. Presently, MTS employers are part of the Superannuation Fund. Employees and employers make equal contributions and any surplus goes back into the fund, and employees are part of the pension board and can make recommendations. We now find that the government, without any consultation with the contributors to the fund, is trying to introduce legislation, through Bill 67, that if put into law will allow the government to move our money to a privately administered fund.

Bill 67, 15(8) states that MTS employees are deemed to have given consent (a) to the termination of their participation in the fund, superannuation; (b) to the assignment of assets, liabilities and agreements from the fund to the new plan, et cetera. Really?

I did not, and will not, consent to any such arrangement. How dare this government presume to meddle in my private affairs. I have heard people being asked this evening, what happens to the surplus if this pension scheme is privatized, and I can tell you, because I was at MTS meetings and found out there that if there is a surplus and they are being administered by a private company, the surplus does not go back into the fund, it goes directly to the corporation in that they would not have to pay their share until the surplus is used up. So this really is theft, Mr. Chairman. If I went into a bank

and held it up, I would be put in jail. The government knows very well that private pension plans can be vulnerable and that no guarantees exist either federally or provincially to protect pensions in the event the funds are mismanaged. This is another example of government attempts to pander to big business interests.

The government's actions are disgraceful and an affront to democracy. It was revealed through the press that Premier Filmon was so impressed with the advice given by the author of *The Seven Habits of Highly Effective People*, he distributed copies to the members of the government. Judging by this government's actions, I believe Premier Filmon actually distributed copies of Machiavelli's *The Prince*, published in 1513. In this book, Machiavelli discusses ways rulers can advance their own interests through a moral and opportunistic manipulation of the people. It is chilling to realize that more than 400 years later these principles are alive and well in Manitoba.

I will conclude by restating my opposition to the privatization of MTS. MTS is a profitable, well-run company. It offers good service and low rates to Manitobans and contributes significantly to Manitoba's economy, so how can anyone rationalize its sale? In addition to opposing Bill 67, I am also opposed to the other proposed changes to legislation this government is trying to shove down the throats of the people of Manitoba.

Now I would like to make one comment before I am asked any questions.

Mr. Chairperson: Okay, there are two minutes left.

Ms. Clune: Yes, okay, good.

A lot of examples were given here this evening about AGT. It so happens that today I was talking to a friend of ours who had just returned from England. They have been under a privatized system for some time. He and his wife were over there visiting and they had an MTS calling card. They were in Manchester, and they made a 12-minute call to Canada. They made a two-minute call to London, from Manchester to London, just to verify the time of their flight, and the two-minute call to London cost \$1.22 more than the 12-minute call to Canada. In addition to that, originally when the telephone system in

Britain went under a privatized system, there were several companies that were offering service. As the years have gone on and I think it is about seven years since they were privatized, a lot of these companies have dropped off and they are now going to a single monopoly, only it is a private monopoly not a public one. So you have a choice. Do you want a public monopoly or do you want a private one, and that is the choice you are faced with. Thank you, Mr. Chairman.

* (0140)

Mr. Chairperson: Thank you very much for your presentation. Questions.

Mr. Ashton: I want to follow up in terms of what the presenter was talking about—reference the situation in Britain where the government has privatized pretty well everything. I remember there was an open-line show about six, seven months ago on the issue of selling MTS. This was before the government announced it, and we had been campaigning to save MTS. Someone phoned in from North Dakota and what they said was very similar. They said North Dakota, under the system they have there, the private company charges more to phone to the county seat than it does to phone Winnipeg. The reason being, they know that most of their traffic is between people in outlying communities and the county seat and you have to phone there for services or to get through to the government agents to local governments.

So I am wondering if what you are talking about both in Britain and what is—by the way, the caller also said it would be crazy to give up our public phone system. But if you are suggesting that—you know we are going to be in a very different world with a privatized MTS and a lot of the things we take for granted, particularly the kind of rural and northern service we have and the kind of rates we have are going to be something that could be very much at risk under a privatized company.

Ms. Clune: Yes, absolutely. There is no question. I mean people talk about the long distance rates and that, and long distance rates the private companies offer you are lower rates than you get from MTS. Well, my opinion is that initially these companies will offer you lower rates than they normally would because they want to get your custom. It is not just the long distance rates you are concerned with, it is the cost of your telephone

per month. I believe it was Mr. Penner who was concerned about the cost of phone service to his business, but under a privatized system not only will we be paying for long distance calls, but he will also be paying for local calls which I imagine will be rather detrimental to his operating a business.

Mr. Ashton: Indeed, I know BC Tel has applied for a system that would limit local calls to 30 a month, which is one per day.

I also want to focus in on the situation you are referring to in terms of existing pensions, and I know you are very clear that you have not given, deemed consent to any change in the pension plan. I am just wondering what you think the government should do at this point in time. Obviously they have no consent from people who are retired from MTS. What should they do with the pension plan that you currently, and others who work for MTS, have in place?

Ms. Clune: I believe we should be left as we are under superannuation. There is a tremendous risk in moving you—[interjection] Whoever is talking, I really would appreciate it if you would stop. If you feel the need to talk, it is common practice to go out into the hall and hold your conversations there. Okay. [interjection] I am not prepared to get into debate with you. [interjection] Well, excuse me, but I am making a presentation, and I am responding to Mr. Ashton's question. I do not really need your comments. Perhaps this is how you behave in the House. This is not the House. This is a supposedly public hearing. I am a member of the public, and I would ask you either to leave the room if you cannot stop talking or else treat me with the courtesy with which you should treat members of the public.

I am sorry, Mr. Ashton, what was your next question?

Mr. Ashton: I want to focus in to—there has been a lot of talk from people who work at MTS currently, and I am wondering if you can give some perspective yourself about that real loyalty I see to a public company, and as someone who has been there, worked at MTS, what your sense of that was when you worked there and whether you see the same thing happening under privatization.

Ms. Clune: As to how you felt by working at MTS? Well, when I worked, we worked in Operator Services,

and we had a very restricted work environment simply because we worked all hours of the day and night to serve the people of Manitoba. We did not just work nine to five. We had different shifts. I think the previous presenter said this.

When you work directly with people in Manitoba and you realize how dependent they are on you, that makes you feel quite good. I do not mean I want people dependent on me, but it makes you feel very good that you can help people. We used to encounter desperate situations, even old people calling up, they did not know what day it was, all of this kind of thing. So we always felt very good about our work from that point of view, and we were always very happy to serve the public.

I retired from MTS in 1993, and I have talked since then to many, many—I know lots of people and I have talked to them, and they see daily that their morale is going down. They are all very concerned about their jobs, and if you are working and afraid that tomorrow you may be laid off, it leaves you under a tremendous amount of stress, so the environment is much worse than when I worked there.

Mr. Chairperson: Thank you, Ms. Clune. Your time has expired. Thank you very much.

Ms. Clune: Thank you, Mr. Chairman.

Mr. Chairperson: That is the last of the registered presenters. I guess, by rule, I have to canvass the room. Are there any more presenters who would like to present tonight? If not, then this committee will rise until tomorrow at 9 a.m.

COMMITTEE ROSE AT: 1:44 a.m.

WRITTEN SUBMISSIONS SUBMITTED BUT NOT READ

CBC- John Bertrand, October 17 or 18, 1996. Interview with Findlay.

CBC: "Government says MTS has huge debt and needs infusion of private capital to help it compete on the information highway."

Introduces Mr. Glen Findlay, Minister responsible for MTS.

CBC: "What's the reason behind privatizing MTS?"

Findlay: "Well, it's a long story. There are technological changes in telecommunications and significant financial challenges and 70 percent of MTS revenue is now subject to competition.

"I have to set the stage and take you back all the way to 1988. When we came into government, what we faced was, MTS had a debt of 91 percent which means it had only 9 percent equity, and it had just lost \$48 million in the previous two years and the pension fund was underfunded to the tune of \$134 million. Plus we had to get on with a rural group of programs that was going to cost about \$600 million to put private lines in all homes in rural Manitoba, and we upgraded all our switches to digital technology.

"We went through that and the corporation did very well in the next eight years. They made 160 million between 1988 and 1995, which is an average \$20 million a year. They fully funded the pension and the debt ratio went from 91 percent down to 78 percent.

"As the minister, I thought that was great news until Crown Corporations Council, which we set up to be a watchdog on all the elements, made a report to us in August of 1995.

"I'll have to read some of the comments they made. They said:

'MTS is being challenged by aggressive competition and rapid technological change MTS is aggressively pursuing corporate strategies to compete with other long distance providers. Further capital investment may be required to enhance infrastructure to meet the competition and to provide additional services to offset the loss of long distance revenue' (p.11/96)

"Here's where the kicker comes. And I quote:

'Because of the uncertainty in the industry and the high debt to equity ration of the corporation, council has assessed the business risk confronting MTS as high with a negative risk trend.'

"That means many hundreds of millions of future capital are going to be needed for the corporation to keep the technology up, and there is certainly a high level of risk, because 70 percent of the revenue stream is under competition."

CBC: "But critics say MTS can compete in the global market place, that it is competing well in terms of long distance, in terms of cellular. You have already said the utility has been making a profit and critics say it does not need to be sold to be competitive. What do you say to that?"

Findlay: "Well, what we did is we went and got some financial advisers to assess all those elements and come back with recommendations. They identified again high level of competition, there's high risk ahead and big capital requirements in the future.

"But first and foremost, MTS, to maximize its ability to compete, must be freed of the ties of government to be able to respond more quickly to market opportunities and to consumer demand and to be on a level playing field with its competition and, because of the ties of government—they accuse us of being slow but we have to be careful because we have to be fiscally responsible as we move to funding all those things we must do. And the corporation has a debt load of \$800-plus million dollars and that is 78 percent debt. The industry average is more like 45 percent"

CBC: "But if MTS needs to raise money, why not issue MTS bonds like HydroBonds so Manitobans can invest in their utility that way?"

Findlay: "One of the things we are doing in the privatization process is writing that debt down substantially, writing it from 78 percent down to about 45 percent. In other words, we are writing off half the debt, and that will put them in a very competitive field for going out and raising funds on their own either by borrowing or by issuing shares. So we are positioning them to compete aggressively in the market place"

CBC: "But why not MTS bonds?"

Findlay: "MTS can put out bonds if they want to. The risk is the government guarantee. And anyone assessing the financial credibility of the government looks at all obligations, and \$800 million of debt is an obligation we

are charged with. As long as there was a monopoly there was a certain comfort in government staying there but now with competition and high risk the government has chosen that it cannot carry on".

CBC: "What will the sale mean in terms of rates and service?"

Findlay: "Good question. Rates, no matter who owns the company, have to be controlled by CRTC. It does not matter who the owner is, the rates will all have to be approved by CRTC. They have done a good job of keeping rates under control"

CBC: "But in Alberta, since the phone system there has been privatized, rates have gone up much higher than in Manitoba"

Findlay: "Again, a good question and there's a very good answer. In Alberta, when they went through their financial account and determined their tax credit they might get, they miscalculated. When Revenue Canada came in and did the audit, they reduced the allowance considerably. That's why the \$6 a month increase happened in Alberta. It wasn't because of privatization. It was because of the miscalculation of an audit that didn't jibe and that's the cause of the \$6 increase."

CBC: "So Manitobans can expect rate increases whether privatized or not?"

Findlay: "That's right"

CBC: "What do you say to seniors concerned about rates?"

Findlay: "We are working hard to make MTS as strong and competitive as possible and in that sense we are saving MTS from potential problems because government can't stand behind the guarantee"

CBC: "Is there anything that can change the government's mind?"

Findlay: "We have gone through a lot of analyses and a lot of advice and we feel this is the right course. We put ourselves on a level playing field with Bell Canada, ATT, BC Tel, the Maritime tels and they are all privately owned. And we have a good regulator that covers us all."

CBC: "Mr. Findlay, you have heard this before, that prior to the election people like you and Mr. Filmon were denying that privatization was even on the table. Then after the election we have this. Why not wait until the next election so Manitobans can vote on this?"

Findlay: "Because of rate of technological change and financial pressures. There is a need to be competitive. MTS can't wait"

CBC: "Can't wait two years?"

Findlay: "MTS can't wait two years. Absolutely not

"The whole thing came fully to our attention in August or September of 1995. We engaged the advisers who reported to us in the spring of 1996. And we are moving along."

(Election April 25/95)

CBC: "And nothing is going to change this?"

Findlay: "We just have to respond to the challenges out there and position MTS to be the best service delivery company in Manitoba"

CBC: "For many, MTS is not about maximizing profits but insuring that all Manitobans, regardless of where they live, have low rates and good service. People have an emotional bond to MTS and not to private phone companies. What do you say to that?"

Findlay: "Well, we are going to position MTS, after legislation is passed, so it is owned by Manitobans. There are preferential purchase opportunities for Manitobans and employees of MTS. The MTS will still be owned by Manitobans and will still give people the same heartthrob. But it will be more competitive, more aggressive. Forty percent Manitoba income is from exports, so we need the best quality telecommunications by word or fax. That's that kind of company we need to have job growth."

Submitted by:
Herb Schultz, Private Citizen

* * *

Regarding the Sale of MTS

The sale of MTS from the government of Manitoba via a public share offering is an idea whose time has come. In the early days of telecommunications, government involvement in the provision of telecommunications services was necessary to ensure that all Manitobans were presented with the opportunity to have telephone service. Due to the profit-motivated considerations of most private corporations, it would have been unlikely that this service would have been provided in remote areas, just as we see today that natural gas service is only provided to towns where immediate profits justify initial capital expenses.

The government has done a fair yet somewhat politically driven job of running the telephone system in the past years. All Manitobans now have or soon will have state-of-the-art digital switching telephone service and individual lines. Manitoba leads the way amongst Canadian telecommunications suppliers in the provision of this level of service. The government has also restricted increases in the charges for local telephone service at artificially low levels, thereby bypassing the opportunity for the government to access larger profits at MTS as contributions to general government revenues. These two factors have directly benefited all Manitobans by providing excellent telephone service at a reasonable cost, but they are also responsible for the dismal debt-equity ratio that MTS currently labours under.

The sale of MTS will raise much needed capital for future network development and relieve the company from its politically driven business plan to a more responsible economic business strategy. However, it is our hope that the new MTS will continue to be a responsible corporate citizen, responsive to the telecommunication needs of all Manitobans and active in providing leading edge technology to all areas of the province.

The sale of MTS is a good economic and business decision, but it is unfortunate that so much attention has been given to the political side of this process. The current government has been extremely deceptive and unfair to the people of Manitoba by not being forthright in declaring their intentions, even when challenged by the opposition, unions and many other individuals and social organizations. It is inappropriate for any government to

hide behind such deceit and not be honest with their citizens. It is no wonder that the average person equates politicians with liars and common thieves.

Regardless of the sale of MTS, the charges for local telephone service will increase. These increases are controlled by the federally appointed CRTC, and any future increases will be subject to review and argument before that board. The sale of MTS will not be responsible for these increases, nor can these increases expand beyond what the market will allow. With the looming competition for local service, MTS will be forced to maintain a responsible cost structure or risk losing their market to cheaper competitors.

MTS today is poised and ready for its introduction to the world of competitive private business. The several companies of MTS has been preparing for this new

challenge for several years now, and the presidents of the companies, rather than being political appointees and bureaucratic hacks, are experienced and familiar with a competitive telecommunications environment. The removal of government interference in the new MTS will only increase the ability of MTS to continue as the supplier of choice for all Manitobans.

In the future, the government should resolve to sell all of its shares and relinquish all of its control in MTS. Yet, as a Manitoba-owned telephone company, it should be expected that the government of Manitoba will continue to work together with, support and use the services of MTS.

Respectfully,
Kevin Henry, Ste. Anne, Manitoba