



Second Session - Thirty-Sixth Legislature

of the

Legislative Assembly of Manitoba

Standing Committee

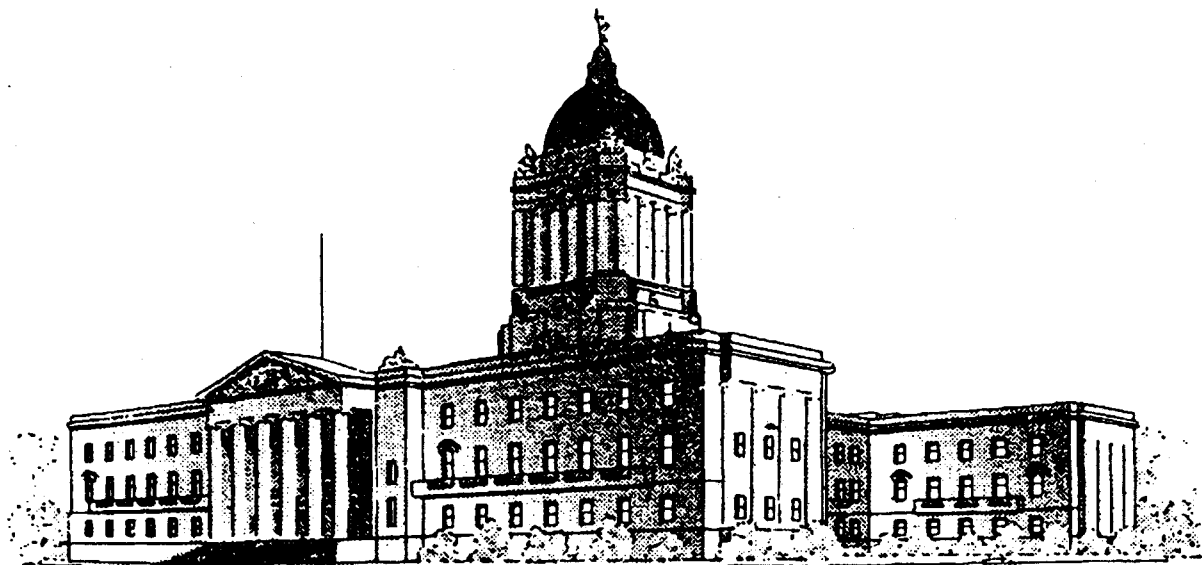
on

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 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

Tuesday, October 29, 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

Members of the Committee present:

Hon. Messrs. Cummings, Ernst, Findlay, Hon. Mrs. Mitchelson

Messrs. Ashton, Dewar, McAlpine, Pitura, Sale, Tweed

WITNESSES:

Mrs. Theresa Ducharme, People in Equal Participation Inc.
Mr. Bud Shiaro, Private Citizen
Ms. Shelly Blanco, Private Citizen
Ms. Paula Mallea, Save Our Telephone System
Mr. Al Mackling, Private Citizen
Mr. John Nicol, President, Union of Manitoba Municipalities
Mr. Ron Rudiak, Private Citizen
Mr. William Sharpe, Private Citizen
Mr. Eduard Hiebert, Private Citizen
Mr. Ross Martin, President, Brandon & District Labour Council, CLC
Ms. Martha Owen, Private Citizen
Mr. Garth Minish, Private Citizen
Ms. Connie Gretsinger, Private Citizen
Ms. Karen Minish, Private Citizen
Ms. Gail Cherpako, Private Citizen
Ms. Emile Clune, Private Citizen
Ms. Maggie Hadfield, Communications, Energy and Paperworkers Union of Canada, Local 55
Ms. Debbie Maruntz, Communications, Energy and Paperworkers Union of Canada, Local 7

Mr. Sel Burrows, Private Citizen

Mr. Rod Fritz, President, International Brotherhood of Electrical Workers, Local 435

Mr. Lance Norman, Manitoba Chamber of Commerce

Ms. Mary Pankiw, President, Manitoba Society of Seniors

Ms. Emile Clune, Private Citizen

Ms. Holly Cain, Private Citizen

WRITTEN SUBMISSIONS:

Mr. Bud Shiaro, Selkirk, Manitoba

Ms. Paula Mallea, Brandon Committee, Save Our Telephone System

Mr. John Nicol, President, Union of Manitoba Municipalities

Mr. Ron Rudiak, Retiree, MTS

Mr. William Sharpe, Steinbach, Manitoba

Mr. Eduard Hiebert, St. Francois Xavier, Manitoba

Mr. Ross C. Martin, President, Brandon & District Labour Council, CLC

Ms. Martha Owen

Ms. Winnie M. Chanas

Ms. Maggie Hadfield, Communications, Energy and Paperworkers Union of Canada, Local 55

Ms. Mary Pankiw, President, Manitoba Society of Seniors, Inc.

MATTERS UNDER DISCUSSION:

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

* * *

Mr. Chairperson: Good evening. 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 that subsequent meetings have been called to hear public

presentations on and for the consideration of Bill 67. Following tonight and tomorrow night's meetings at 6:30 p.m., meetings have been scheduled for Thursday, October 31 at 9 a.m. and then another meeting on the same day at 6:30 p.m. Following that, if necessary, on Friday, November 1 at 9 a.m. I will repeat those dates so that you can write them down: Thursday, October 31 at 9 a.m.; then another meeting on the same day at 6:30 p.m.; following that, if necessary, on Friday, November 1 at 9 a.m.

All the meetings will 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.

Before continuing on with the consideration of the bill, there are certain matters regarding process to clarify at this point. For the committee's and public's information, there are currently 212 persons registered to speak to Bill 67. A list of the presenters should be before all committee members as well as posted at the back of the room.

For the public's information, 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.

In terms of the order that we will hear presenters, there are currently 48 persons registered to speak who are from out of town. They are indicated as such by the asterisks after their name on the list. It has been a Manitoba practice to hear from persons who are from out of town first as a matter of courtesy for the distance that they have travelled. How does the committee wish to proceed? Do you want to hear from all the out-of-town presenters first?

Mr. Steve Ashton (Thompson): I have a motion that is relevant to out-of-town presenters. Perhaps I might move this at this point in time and perhaps we can deal with that.

Mr. Chairperson: Okay.

Mr. Ashton: Yes, we have stated in terms of the particular interest of many people in rural and northern Manitoba on this particular bill, something that I believe

is demonstrated by the number of out-of-town presenters listed. Given the fact that rural and northern Manitoba is going to be very directly affected by this sale if the government pushes it through, we feel that this committee should not only hold hearings here at the Legislature but throughout rural and northern Manitoba.

I can indicate to you that I have talked to people throughout Manitoba who have indicated they would make a presentation if hearings were held in their own community. I was in Brandon on the weekend; I was in Portage yesterday. There were a number of people I spoke to there who said they would register to make a presentation, but they could not make it into Winnipeg. In the case of Thompson, I know there are many people who would like to make a presentation, but it is an eight-hour drive. Given the weather conditions, I do not think even eight hours would be an appropriate amount of time to have in that case.

I believe, given the historic nature of this particular bill, that we need to do what we have done, what we will be doing, for example, in the Child Advocate, what the government has done with various committees of appointed backbenchers travelling around the province on various different issues. I think we should do the appropriate thing and that is have hearings on Bill 67 throughout rural and northern Manitoba. That is why I move that this committee urge the provincial government to hold hearings on Bill 67 throughout rural and northern Manitoba.

Mr. Chairperson: I have received the motion, and it is in order.

Motion presented.

Mr. Chairperson: Discussion on the motion?

Hon. Jim Ernst (Minister of Consumer and Corporate Affairs): Firstly, for the edification of members of the public if no one else, the fact is that the Manitoba Legislature is the only Legislature in Canada that has public hearings on its bills after second reading to allow for the input of the public. As the government House leader, I have today called a number of committee meetings so that we can accommodate the 212 people who wish to make representation to this committee, but I cannot concur with my honourable colleague from

Thompson that the committee should be travelling throughout the province. That has not been done in the past with respect to legislative committee hearings. We have provided, we hope, sufficient opportunity for everyone to be heard through the calling of a number of meetings for consideration of presentations on this bill.

* (1840)

Mr. Ashton: I want to say to the government House leader that I do not believe the government has done anything as drastic as this, certainly in the time I have been an MLA. The government is selling off the Manitoba Telephone System without once campaigning on that as part of its mandate in the last provincial election. In fact, the government said it was not going to sell MTS. I mean, I would like to see a lot more than public hearings. I would like to see a vote of the people of Manitoba on this issue. But if we are not going to have the vote, if we are going to be denied by the government, I think the appropriate thing to do would be to hold the hearings.

I want to stress again that it has been done on other matters. We are talking about the Child Advocate's office doing the same. The government has no problem sending out people throughout Manitoba on other issues. I do not understand why the government would want to avoid having hearings in rural and northern Manitoba other than the fact that it is obviously afraid to face the people.

I want to point out that this decision to sell MTS was made without a single public meeting being organized by the government. In fact, it is only the opposition, including the official opposition, and grassroots people throughout the province who have been part of meetings, organizing meetings, getting something going with a democratic process. This government has not had a single public meeting on this issue of the sale of MTS.

So I ask through you, Mr. Chairperson, to the government and to the public of Manitoba, how can we have any democratic legitimacy on the sale of MTS if, first of all, you have a government that did not tell the people of Manitoba what it was going to do in the election, in fact denied that repeatedly even after the election? A government went and made the decision to sell MTS based on a report from three investment

bankers from Bay Street in Toronto, Ontario, made the decision within two days of receiving that report and are now saying, on the most fundamental process we have in this Legislature, with the only chance that the public has to have input on this, that they will not hold rural and northern hearings.

I would remind you, Mr. Chairperson, every time I have asked questions about this, and we have asked questions, do you know what the response has been? Well, we are going to have hearings on Bill 67. Well, in case anybody from the public thinks that is very generous, I would just point out that we hold hearings on every bill. The bottom line here is though, this is an absolutely historic decision. I think the government should reflect on the fact we have owned MTS since 1908, and without any mandate whatsoever, they are now proposing to sell it off as of November 7.

Mr. Chairperson, is there no sense of democratic process left with this government? What are they afraid of? Are they afraid if they go to rural and northern Manitoba that they are going to find out the reality of what people think about MTS? I can tell you, Sir, and the rest of this committee, why I feel the government is not supporting this particular motion. They do not want to hear from the people of rural and northern Manitoba because they know a lot of people are opposed to this sale, absolutely opposed. Otherwise I would suggest to you, Sir, that there might be some agreement on this, but you know, the tough facts of democracy are that sometimes governments when they are elected have to do more than sit around a cabinet table and decide on the future of one million people, 20 people around a cabinet table making that decision. I believe they have an obligation to consult with the people of Manitoba. I will go further than that. I would say on something as important as MTS, to get their direct approval of anything as drastic as the sale.

So, Mr. Chairperson, I find it absolutely amazing that the government will not hold those hearings. I can indicate right now—I mean, the government House leader indicated there were a number of other hearings being scheduled in Winnipeg, three of which were scheduled, incidentally, without any discussion whatsoever with the opposition. I would say to the government, as well, and we can deal with that in a few moments, that I would hope they would not try to ram through Bill 67 during

morning hearings in which many people, many working people, cannot attend.

You know, Mr. Chairperson, we have the opportunity right now to go and hold those hearings. I am quite prepared to discuss with the government House leader tonight which communities we could visit. We have raised this before in the Legislature. We raised it yesterday, so it is not like we are raising this without any notice. I do not know how the government can go and face its constituents, the rural members and—well, they do not have any northern MLAs—but how you can have rural MLAs do anything other than support those hearings. What has the government got to lose by holding those hearings? We can accommodate that. We have the weekend coming up, for example.

I would suggest we look at holding hearings throughout rural Manitoba this weekend. We can deal with committees in different communities. I would suggest that what we could do is something that was considered a few years ago, I know, during the Meech Lake discussion. We do not have to have one committee. We can break up into subcommittees, whatever it takes. I say on the opposition side that we are prepared to hold hearings, no matter where, at whatever time, throughout Manitoba to accomplish this.

The government cannot just turn around and say, oh, well, we normally proceed this way, we normally only have hearings in the city of Winnipeg. There are precedents that have been set. I mentioned before in terms of the Child Advocate. I could mention other examples of committees that have travelled the province—municipal assessment. I was part of that committee that travelled throughout the province.

You know, Mr. Chairperson, I want to stress again that this is not a normal committee. This government has no mandate to sell off MTS, has no right to sell off MTS and has most definitely no right to abuse the democratic process by refusing to allow, as the government House leader would do, the people of rural Manitoba to have full opportunity to have discussion on this issue. Do not kid yourself, the bottom line is, if you do not approve rural hearings you will not be allowing the people of rural Manitoba to have a say on this issue.

Mr. Mervin Tweed (Turtle Mountain): Mr. Chairman, having allowed the member for Thompson to

put his comments on the record, I would ask that you call the question.

Mr. Gregory Dewar (Selkirk): Mr. Chairman, I would like to support this motion put forward by my colleague the member for Thompson. As he has stated, this administration has no mandate from the people of Manitoba to sell off the Manitoba Telephone System, a publicly owned utility since 1908, a utility that was created to bring chaos to that particular industry in 1908 and was created by—I believe his picture is on the wall here this evening, the fellow right behind me here—Premier Roblin, who was a Conservative Premier. The reason he did it was—I remember reading a quote from him—to keep the profits that would be generated from telecommunications in the province; then the profits would be used by the government and for the people of Manitoba.

As was mentioned, we know that when the government will be reviewing legislation they will send, they may have a make-work project for government members. They will send them out throughout Manitoba. There is a number underway currently. I know on Friday a government member will be in Selkirk reviewing legislation.

This piece of legislation is very important to the people of Manitoba. It is very important to my constituents who live out in rural Manitoba, and the question is, what are you afraid of. You know what you are going to hear if you go out there. You know that there is only a handful of individuals who support you on this. It is very frustrating that the rural Manitobans and northern Manitobans, who will unfortunately have the most to lose by the privatization, will not have the opportunity to appear here today and will not have the opportunity to have their voices raised.

So I appeal to the rural members opposite and I appeal to all members here that we continue with the hearings here but, as well, we hold hearings throughout Manitoba to allow rural and northern Manitobans the opportunity to speak to this legislation.

Mr. Tim Sale (Crescentwood): Mr. Chairperson—

Mr. Chairperson: Before you start, Mr. Sale, I would just like to interject here. I would like to beg the

indulgence of the public who are here tonight that part of the procedures within the Legislative Assembly is within committee hearings and within the Assembly itself, in terms of applause, that this be kept to a very minimum, in fact, none at all if it is possible. We would appreciate the public's co-operation in this regard.

* (1850)

Mr. Ashton: Mr. Chairperson, I appreciate your role as Chair but having sat through another committee last Thursday where there was not any difficulty expressed with people doing the basic thing of applauding, I do not think people are wanting to be disruptive here. I think there are a lot of frustrated people in Manitoba who want to have their say on the telephone system. When they applaud it is because this is their only chance to have a say on MTS, and if they are frustrated to the point of applauding the opposition when we speak out on behalf of MTS, I would suggest that we let them applaud. Let the people have a say.

Mr. Sale: Mr. Chairperson, obviously, I support strongly this motion for all the reasons that our two members have already said but for some other reasons as well.

You know, Mr. Chairperson, some time in the fall of 1995, the Premier (Mr. Filmon) and the Minister responsible for Telephones (Mr. Findlay) awoke to find that 70 percent of the revenues to the telephone system were suddenly up for competition. Now that did not happen in the summer of 1995; that was not new. They awoke to discover that there was technology rapidly changing in the whole field of telecommunications. I do not really think that was terribly new, either.

So suddenly in the course of a very few days, we had to hire some stockbrokers at public expense, at the expense of MTS, to find out what the value of this company is and to make a recommendation about selling it. Now you do not hire stockbrokers to find out the value of a company; you hire stockbrokers to sell it. They are going to now profit to the tune of \$25 million or so, as we have pointed out.

So there is a strange combination in this whole process of selling of incredible lethargy and then blinding speed, the lethargy of holding onto the telephone system and

interfering in virtually everything that it does, crippling it in terms of the selling of crucial assets, strategic assets like the cable system, crippling it with contracts with companies that perhaps do not really need to have nine years of guaranteed cash flow, crippling it by agreeing to have it suffer low rates of return on its toll lines by putting it into a 20-80 percent partnership with Clifford Watson and Associates in Toronto through a new company called MB Communications.

So there is a great deal of interest from the government to interfere in the daily running of the operation, occasionally for good, for example, in the putting of single lines throughout Manitoba and getting rid of the old rotary switch systems and getting into digital switching and putting a great deal of fibre optic into the company. There is this funny schizophrenia of our company is a vital asset and we are going to make it better for rural Manitobans, our company is a political tool and we are going to use it to reward our friends, and then all of a sudden waking up and saying, my goodness, we better sell this company because it is vulnerable to technological change, and in the space of a short weekend, three days worth of time, we went from the report of the stockbrokers to the decision to sell.

Now government clearly can move quite quickly when it wants to. So government is quite capable of organizing hearings in rural Manitoba even on relatively short notice. But what I really want to focus on here in support for this notion that people ought to have their say is that I think very clearly the reason the government does not want to do this is the immense embarrassment it would suffer for not having a single study, not one single study from the Manitoba Telephone System itself, who presumably knows its business, about the merits or the lack thereof of selling this corporation—not a single independent study about the risks in the telecommunications industry today and the reasons therefore why the Crown corporation ought to be sold.

You know, we just got today the Public Accounts for 1996, and lo and behold, the Manitoba Telephone System's value to the province has risen. The last six months, the profits of the corporation are up over last year. Yesterday in the Winnipeg Free Press, we learned of the newest of digital compression technology being field-tested by this company, one of a very few field tests of this technology in North America. For a company that

is supposedly greatly at risk and in danger of falling behind, putting our assets at risk, this is very strange behaviour for this terribly vulnerable corporation we keep hearing about.

It seems to me to be perfectly clear that technology is moving very quickly, but it also seems to me to be very clear that the Manitoba Telephone System is evolving and challenging the most competitive companies in North America in its own capacity to use technology. The government never tires of standing in the House and telling us about the new high-speed fibre optic link to the United States and what wonderful numbers of jobs this is bringing. These are not high-tech jobs. These are telemarketing jobs, but they are jobs. They do pay wages. The government seems to be very proud of the telephone system's capacity to invest in technology that allows it to be so competitive that it has gained, according to government, 5,000 telemarketing jobs in the last few years. Now this does not seem to me to be describing a company that is so at risk that we have to run quickly to the stockbrokers in Toronto and sell it.

What this seems to me to be speaking of is a company that is very competitive, that is very aggressive in its technological development, that has positioned Manitoba well to be a leader, as the government likes to keep telling us we are in the area of telecommunications, and that a little bit of due process and a little bit of democracy and a little bit of travel through rural Manitoba to let people have their say, to hear the government, maybe for once, make a cogent case as to why this is good public policy—they simply do not want to have any more exposure to the ridicule they will face for not having any clothes on. The emperor, Mr. Chairperson, is quite naked.

Mr. Ashton: Mr. Chairperson, while I was speaking on this, one of the government members made some reference to turning this into a circus, and I want to say to the government members on this committee, this is not a circus, this is the one little bit of democracy we have left in this province. This is the only opportunity members of the public are going to have to speak on MTS, because this government will not put the issue to a vote of the people, will not run on a campaign on the sale of MTS.

You know what offends me, Mr. Chairperson, and the member for Crescentwood (Mr. Sale) referred to this, and

I have a copy here—and I actually hope to be able to share this with as many members of the public as possible—of the people who have had the opportunity to speak on the future of MTS. It is called the MTS Financial Advisory Group—now you might think that was based in Manitoba—care of BCE Place, P.O. Box 500, 161 Bay Street, Toronto, Ontario, M5J 2S8. This is the group of three investment bankers who sent a report to the Treasury Board—and I notice Mr. Benson was in the back, the head of Treasury Board—on April 30. Treasury Board made the decision on that day. They went to cabinet the following day, and two days after they received this report from the investment bankers, the government announced the sale of MTS.

Now this is the same government, minister who was writing to people in March—and I have a letter here which was written to a resident of Westman saying that contrary to some reports no decisions have been or will be made about the privatization without public discussion. I had a senior at a meeting in Brandon who used a term which I cannot use because it is unparliamentary, but I just do not know how the government can justify making a statement like that—and that is March 1—and April 30, 1996, the only people they would listen to prior to making the decision were who? The three investment bankers. As the member for Crescentwood pointed out, coincidentally, the three investment bankers from Bay Street, Ontario, are going to be some of the prime beneficiaries of the sale. They are going to be making commissions on the sale.

I do not think you have to be an expert on ethics to see that that stinks, Mr. Chairperson. I also do not think you have to know much about the democratic process. There is something fundamentally wrong when basically this government has listened to three Bay Street investment bankers, made a decision in two days over a company that served us well since 1908.

When the member for Selkirk (Mr. Dewar) made reference to Rodmond Roblin who was a visionary—he was a Conservative, too. I imagine right now he is probably rolling over in his grave looking at this government dealing with the legacy that he left this province. You know, MTS does not belong to this government; it belongs to all of us. We are all shareholders, Mr. Chairperson, and I want to say, you do not have the right to do what you are doing, and I say

through you to the committee, you most definitely do not have the right—and I am speaking here on behalf of a lot of my constituents in northern Manitoba and a lot of the rural Manitobans I have talked to, and, yes, people in Winnipeg, too, are concerned about this—you do not have the right now, after you have said one thing in the election, after you appointed a review of three investment bankers, after you promised public consultation, public discussion, and you had absolutely none, not a single meeting. Not one single Manitoban was ever consulted over this decision other than the 20 members of the cabinet, Mr. Jules Benson, the head of Treasury Board, and Tom Stefanson, the chairperson of MTS. You know what, with this decision? It did not even go to the MTS board.

* (1900)

Not only did it not go to the MTS board—we filed a Freedom of Information, which I have here. We thought at least somebody must have been asked about the sale. You know, we asked for a Freedom of Information request October 10 for any studies that were done by MTS on privatization. You would think that there would be some study, right? One study, any study. I want to read into the record what was said: In this application you requested access to a copy of all studies on privatization that MTS is using for the privatization of MTS.

I want to emphasize this. You know what the response was: MTS has not had any studies done on privatization and is not using any studies for the privatization of MTS. What we have here, the only basis of the decision essentially is the MTS Financial Advisory Group, Bay Street, Toronto, Ontario. You did not even go, Mr. Minister, to MTS. So you wonder, Mr. Chairperson, why we might suggest that hearings be held in rural Manitoba, in northern Manitoba. I know why the government does not want that. It is because you do not want to face the people on this issue.

But I have one thing to say to government members on this committee, and particularly those who might suggest it is a quote, circus. There is something in this province called democracy and, you know, governments are custodians of the public assets, public services, the trustees and I want to say to the government, you may use your majority on this committee to stop us from having

these kinds of hearings, you may even try and use your majority to do other things to limit those hearings, and I know you are going to try and use your majority to make sure that your government members do not vote with their constituents but vote with the government line, but I am just saying to government members on this committee, you can run but you cannot hide. At some point in time, you are going to have to face the people and if you sell off the Manitoba Telephone System without any mandate whatsoever from the people of Manitoba, you are going to pay the price.

Mr. Chairperson: Ready for the question?

An Honourable Member: Question.

Voice Vote

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

Some Honourable Members: Yea.

Mr. Chairperson: All those opposed.

Some Honourable Members: Nay.

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

Mr. Ashton: I request a recorded vote.

Formal Vote

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

Mr. Chairperson: I declare the motion defeated. How does the committee—Mr. McAlpine.

Mr. Gerry McAlpine (Sturgeon Creek): Mr. Chairman, I move

THAT we hear all out-of-town presenters in the order registered with the Clerk's Office this evening and hear all other presenters as they have been received. Each presenter will be given 10 minutes for a presentation with five minutes for questions.

Mr. Chairperson: I have a motion that is in order and it states by Mr. McAlpine and moved that we have all

out-of-town presenters in the order registered with the Clerk's Office this evening and have all the other presenters as they have been received. Each presenter will be given 10 minutes for a presentation with five minutes for questions.

Hon. Bonnie Mitchelson (Minister of Family Services): Mr. Chairperson, as has been the practice in other committees, I know that we have Theresa Ducharme here who has some special circumstances that I think should allow her to make presentation first so that she has the ability to go home. So I might add that to the recommendation if that is appropriate.

Mr. Chairperson: Is that in agreement with the mover?

Mr. McAlpine: Yes, Mr. Chairman, I would allow that.

Mr. Chairperson: I have been advised that we have a motion before the committee that we should deal with it and then we can deal with Mrs. Ducharme's request as a special request.

Point of Order

Mr. Ernst: Mr. Chairman, on a point of order, I believe Mrs. Mitchelson amended Mr. McAlpine's motion. Mr. McAlpine agreed with it so the motion is now, as amended, and then we should deal with the question on it.

Mrs. Mitchelson: Mr. Chairperson, might I amend that motion to indicate that before hearing the 51 presentations from outside of the city of Winnipeg that are listed on the agenda to make presentation that we hear from Theresa Ducharme and then move to those who are here from outside of the city of Winnipeg.

Mr. Chairperson: Does everybody understand the motion?

Mr. Ashton: I would like to indicate we certainly agree to the amendment. We have had similar provisions in other committees for people who cannot return or other special circumstances. We would certainly agree with that, with the amendment to the motion. I would like to address the motion afterwards, too, please.

Mr. Chairperson: We have an amended motion before the committee.

Voice Vote

Mr. Chairperson: All those in favour of the amended motion, please signify.

Some Honourable Members: Yea.

Mr. Chairperson: I declare the amendment carried. Now on to the main motion, as amended.

Mr. Ashton: I want to indicate, first of all, in terms of time limits, I remember a time not that long ago when it was standard practice not to have time limits in committees and to suggest, as the mover did in the motion, this is standard practice, well, it is standard practice because the government has used its majority in the various committees we have been faced with, particularly in this session, to make this a standard practice. It is not standard practice for us and, in fact, I think if there is any bill in this session of the Legislature where there should not be this kind of restricted time limit, it is this bill. It is historic. It is the last chance for people. November 7 this bill, if the government has its way, is going to be rammed through the Legislature. So, Mr. Chairperson, I think the time of it in this particular case is absolutely unfair.

I want to stress the detail of this particular bill. I am sure the members of the public who have had a chance to read it through in its detail—this is a bill that is 30 pages long. Now, you get 10 minutes. That is 20 seconds per page. I look at some of the names that are on in terms of presentation, and I know I have talked to some people with some pretty detailed comments to make. I just do not think it is fair or reasonable to apply these kinds of time limits. I want to stress again, as I did when I spoke to the previous motion, we are prepared to sit whatever reasonable hour to accommodate members of the public. Reasonable to my mind is not three, four in the morning but is at a reasonable time in the evening which is accessible to the many people who due to work obligations cannot come back. But the bottom line is this kind of restriction we feel is far too restrictive.

I also want to indicate that in other committees, we have had clear provisions not having names dropped off. You know, there are going to be some people I am sure who will be here tonight who may be able to stay until, say, eleven o'clock. If their name is called at 11:01, they

should not lose their opportunity to speak. In fact, I know in at least one committee we have allowed names to be called at least three times, and we have had a number of restrictions in place by agreement of all parties that names not be called after midnight. I want to indicate that we oppose these limits.

* (1910)

Mr. McAlpine: We do not want to work after midnight.

Mr. Ashton: Well, the member for Sturgeon Creek (Mr. McAlpine) says, we do not want to work after midnight. I do not want people who have to work tomorrow to sit here while you ram the bill through, to the member for Sturgeon Creek. I want to have them have a chance to get heard.

Mr. Chairperson, I want to indicate that we oppose the time limits, particularly on this bill. I also have a motion which I will move once this matter is disposed that hopefully will prevent the kind of thing that we are concerned about happening with people having to sit here till two, three, four in the morning. I do not think that is reasonable. What we have normally done is allow a certain time when you assess at eleven or twelve o'clock. If it is to accommodate members of the public, we will sit longer. But I can tell you one thing, I will not sit one second longer to accommodate the members of the government in ramming through the sale of MTS.

Mr. Sale: Mr. Chairperson, I understand from some nods that the suggested hour that the government is putting forward is some time around 12 or 12:30. We can discuss that after this motion goes through, but I want to express a concern about the process of reading rural names. The notice for this committee was yesterday evening, basically, and today. The bill cleared the House yesterday, as the House leaders know. For those who are planning to make presentations from rural Manitoba, this is incredibly short notice. So it would seem to me to be very unfair to rural people to have their names read tonight and if they do not appear, to drop those names. I think that if they do not appear, they simply do not appear, and we do not drop those names. I am not clear whether that is part of the member for Sturgeon Creek's (Mr. McAlpine) intent in his motion in terms of process.

Mr. Chairperson: Any more discussion? If not, are you ready for the question?

An Honourable Member: Question.

Voice Vote

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

Some Honourable Members: Yea.

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

Some Honourable Members: Nay.

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

Formal Vote

Mr. Ashton: Request a recorded vote.

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

Mr. Chairperson: The vote is 6 to 3 in favour of the motion. I declare the motion carried.

Mr. Ashton: Mr. Chairperson, I already referenced trying to get some process in the committee that is fair to the public. I do not believe it is fair for the public to have to sit here at all hours in the morning or risk having their name dropped if it is called. I have sat in committees where this government has called names at four o'clock in the morning just a few years ago on a particular bill, although in those days there were no time limits on presentation. But the names were called at four o'clock in the morning, and people who could not stay at four o'clock in the morning lost their right to speak.

What I want to do is move a motion that was adopted the other night in the committee dealing with The Labour Relations Act, Bill 26, and, actually, the motion was moved by the government members after they voted down a similar version from our side and, in fact, if that is what it takes to get it agreed to, I do not mind if they introduce it.

I would move

THAT this committee assess its progress at midnight and not call names after that time.

Motion presented.

Mrs. Mitchelson: As has been the case in many other committees and many bills that have been heard this session, we have made accommodation for those with special circumstances, those who have travelled the distance to come and make presentation, and we have never dropped them off the list if they were not here but moved them to the bottom of the list and called their names again. So let us not have on the record the comments and the innuendo that was left by members of the opposition.

I do want to indicate that, if there are people after a certain hour who would rather stay tonight and make presentation than come back again at another time, I think we want to accommodate those individuals.

Mr. Ashton: Mr. Chairperson, that is exactly what this motion does, that is exactly what happened in The Labour Relations Act, and I would suggest the government members support this motion because the intent is that we sit until midnight. We assure members of the public if they cannot stay after midnight, their name will not be called and dropped, but if there are people who cannot return—and I note there are some out-of-town presenters here that have a long distance to travel back—we are willing to sit after midnight, but the key thing is that the names not be called.

The other point I want to stress to the Minister of Family Services is, in fact, to raise what the government's intent is in terms of how many times the names will be called because I have a concern about that as well, particularly now that the government has scheduled two—they have scheduled three committees which were not agreed to by the opposition which start at nine o'clock in the morning. This may be news to the government, there are a lot of working people who cannot come down during the day at nine o'clock to present. I want to ensure that those people do not lose their right to speak on this bill because their name might happen to be called Thursday morning at 9:05 when they are at work or 10:05 or 11:05 or the same thing on Friday morning, so I would like to ask—and perhaps if the government would enlighten us on this before we have the vote on this—what their intention is because I think it is absolutely imperative to ensure that everybody who wants to speak on this bill gets a chance to speak on this bill.

So I ask the government if they can perhaps clarify what the intention is going to be in terms of when names will be dropped, not just to the bottom of the list, but for the information of the Minister of Family Services, in other committees, names have been dropped entirely after they have been called two or three times. I do not want to see people denied their opportunity because of their name being called, say, tonight at 12:30 in the morning and then again at 9:05 on Thursday. What is the intention of the government on that particular aspect?

Mr. Ernst: Mr. Chairman, the purpose for scheduling a variety of meetings was to try and accommodate 212 people who have indicated a desire to speak to this issue. Committee has been prepared to sit until two and three o'clock in the morning to accommodate people who cannot come back at another time.

At the same time, Mr. Chairman, the intent is to progress through the list of names. For those people who wish to make presentation, if they cannot come during the daytime, we have scheduled another evening meeting tomorrow night to accommodate those people. We have scheduled two evening meetings and two daytime meetings in order to try and accommodate everybody, but at some point there has to be some finality to this issue. So the intent, from my perspective, is to have all of those meetings available to everyone, and at the end of that period of time if the person is not here for the second time, then their name is dropped from the list.

Mr. Ashton: Once again, the motion refers to not calling names after midnight. Is the government agreeable on that score at least? Tonight I think it is reasonable to have some notice to the members of the public. I am indicating once again we are willing to sit past that time only to accommodate the members of the public, but we do not want their names dropped from the list.

Some Honourable Members: Agreed.

Mr. Chairperson: The motion then is agreed to that committee will sit to midnight and then not call names after that time with the aspect of dropping off the list, okay.

I guess I will have to require a little bit of clarification here because, prior to midnight then, we are of the

understanding that if a person is called who is not here, their name will be dropped to the bottom of the list. Is that agreed?

The next item is that there is agreement that there will be two calls for the name, which has been the standard practice?

Some Honourable Members: Agreed.

Mr. Ashton: No, Mr. Chairperson, my understanding is the government House leader was saying that he will not drop names. The purpose of having these four hearings is to allow people to appear. I am very concerned again, and I cannot support having names dropped. People have to work Thursday and Friday during the day; I do not want to see them lose their opportunity to speak on this bill. Quite frankly, we can sit evenings. We have sat weekends on other bills. I think those options are far fairer to the public, so I want to urge the government not to do that. I thought the intent was to sit as long as it takes, and if that means sitting evenings and on weekends, I think that is probably the most reasonable thing to do.

* (1920)

I want to put on the record again, we did not agree in the opposition to these additional committee hearings. There was some agreement on this hearing tonight and having a hearing tomorrow night, but none of these additional hearings that were put in before were agreed to by the opposition. If it means that people are going to lose their right to speak, Mr. Chairperson, we do not agree to having names read twice. We want to make sure that everybody gets a chance to speak, within reason. I think we have done this before in many committees. We have sat the additional hearing; we have come back on weekends. We are prepared to do that.

Mr. Chairperson: What is the will of the committee?

An Honourable Member: Standard practice.

Mr. Chairperson: Standard practice, which is the practice of the committee that in such a situation the name is dropped to the bottom of the list if it is called and they are not there. Then, if the name is called a second time and the person is not present, the name is dropped off the list.

Mr. Ashton: Just on that, it is not standard practice. We have sat on committees where names have been called three times. It is also not standard practice to schedule committee hearings without the agreement of the opposition. Well, there is absolutely no agreement on this. I am the opposition House leader. I was not consulted on any of these additional committee hearings. I had people, members of the public, ask me about this today. It is the first time I heard of it. So, if the government is going to do anything, it should not be by calling it standard practice. They should move a motion to that effect, and we can debate the motion.

I hate to continue with these procedural wrangles, but, quite frankly, Mr. Chairperson, I do not know what the government's problem is. I mean, what are they afraid of? Why do they want people's names to be dropped? Names will be dropped, I can tell you, under this system on Thursday morning and Friday morning. I think that is absolutely unacceptable. We are prepared to sit here and listen to all 212 Manitobans. Actually, we would be prepared to sit and listen to all one million Manitobans. I think that might be one way of finally persuading the government to change its mind. But, if they do not want to listen to the one million, I think they should listen to the 212.

Mr. Sale: I think this last five minutes has been an example of why people lose some faith and trust in government. We raised the concern about the process of rural speakers, and the Minister of Family Services (Mrs. Mitchelson) indicated that this would not be a problem, we would not drop names. We raised the concern through our House leader, Mr. Ashton, that there are many people who cannot be here during the daytime, who work, and members opposite indicated, the government House leader (Mr. Ernst) appeared to be indicating that he understood this, and that is why there were meetings in the morning and that is why there are meetings in the evening, so I thought we were moving to a reasonable consensus that names would be dropped at the end of the committee hearings.

If no one was there at the last meeting that was scheduled and they could not be there, well, then, I guess they have lost their place, and we understand that would happen. But if so-called standard practice, which clearly is not standard—I have only sat on five committees so far and there has not been a standard practice, it has been varied each night in terms of how it has been handled,

and it has been varied in terms of numbers of times that people have been called, so I do not know what standard practice is. But, if it is what it appears to be, then people are going to be dropped tomorrow from the ability to be heard, and that is not fair. It is not democratic, and it is not what these members opposite were indicating was their intent. It certainly is not what the Minister of Family Services (Mrs. Mitchelson) was indicating was her intent.

So you have rammed through the idea that we will not have rural meetings. You have rammed through time limits so that people will not have a chance to speak to the complexity of this bill. Are you now going to ram through closure so that people who are on this list will not have a chance to speak because they live somewhere where it is too difficult for them to get here tonight, and they will not be here in the morning on Thursday morning? Is that the intent of this committee because I do not think that the democratic process is well served by that kind of high-handed approach to an historic debate about the future of the telephone system?

Now we know that there will be people dropped from the list. It happens in every committee hearing, and we recognize that at some point the names will be called, and if they do not appear, they will not get a chance to speak. We accept that. What we do not accept is that a committee that has scheduled four or five meetings will start dropping people before they have gotten to the fourth or fifth meeting when it might be possible for people to have made the trip to Winnipeg; to have arranged for child care; to have arranged for time off work; to have arranged to be here to speak at a time that makes sense. So, if we could agree that we will indeed drop names, but we will not drop them until at least our fourth or fifth meeting, I think that makes all kinds of sense and all kinds of fairness, given the way you have circumscribed this process already.

But, if standard practice means we are going to read through the names at 11:55 and then again tomorrow night at 11:55 and those that are not here are gone, that is not standard practice; that is simply dictatorial ramming through of legislation that you cannot support by any other means.

Mr. Tweed: My understanding that the motion brought forward was that we would not call names after midnight,

but we would listen to people that still wanted to make a presentation. Is that not correct?

Mr. Chairperson: Yes.

Mr. Tweed: Then tomorrow we would start where we finished tonight to call the names again. I guess, based on my limited experience with 200 people on the list, we will not read through the list with the time frame that is allowed. We would not be completely through the 200 names probably for three or four days.

Mr. Ashton: You will on Thursday morning when people cannot come, let me tell you. [interjection]

Maybe there is some hope. Maybe the member for Turtle Mountain will support our position because I tell you you will run through names if you call it on a Thursday morning. A lot of the people here tonight I am sure are working during the day and will not be able to come, and there is a real danger that the list will be run through a couple of times. That is exactly our point.

I would strongly urge the government to follow what it was talking about before, which I thought was going to happen. If they are going to schedule these committee meetings, the least they should do is make sure that names are not dropped until the hearings are completed. If the government still does not see some need for flexibility, perhaps I would suggest—and I think the member for Crescentwood (Mr. Sale) pointed out accurately—there is no standard practice especially with this government that we not decide on these matters, perhaps hold this off. We have the procedure set for tonight, reassess tomorrow. I think at that time we may get a better sense of what is happening in the committee so perhaps as a compromise I would suggest that we not vote either way on this yet and deal with the rules we have for tonight and come back to this tomorrow.

Mr. Chairperson: Is there agreement that we deal with this matter at a subsequent meeting? [agreed]

We will now begin the presentations and as agreed earlier on, I would ask Theresa Ducharme to come forward to make her presentation.

Mrs. Theresa Ducharme (People in Equal Participation Inc.): Thank you, Mr. Chair. I cannot

wait to speak. It was very short notice. I am here representing all the institutionalized, all the disabled, ailing, elderly and frailing to have a lifeline dependency on MTS which is our lifeline.

Now if you could ask everyone to stand up, they all will stand up, sir and/or madam, and I cannot do that. I cannot have the privatization and the system and it was short notice, so short that I will be offering you the receipt of my transportation bill which is \$60 to bring me here by special circumstances. At the same time, MTS, for 42 years of my disability—and I am going to ask each and every one of you at this committee, have you ever been dependent on anything else but your own mobility so that you do not have to say, MTS is my lifeline?

Could anyone say nay or yea or hurray? Could I hear some voice to say, yes, I needed the lifeline of MTS? No, you did not. So you would know what you are talking about and you do not know what you are doing here and you are not even sure what direction you are going. First of all, the people we voted into power, a majority of government, must conserve their energy for their own immobility, because Mrs. Ducharme is very contagious and she is infectious and there is no cure for me and it is called love. I love to live and I live to love. There is not a policy or a bill such as 67 which will go without being recognized or reinforced or reinstated. Have you ever tried getting rid of a political hemorrhoid? Well, that is exactly what Mrs. Ducharme is and she will not let MTS leave this province regardless of what.

* (1930)

When these gentlemen were asking for a second meeting, a third meeting or even any other kind of meeting, going out to rural Manitoba is wonderful, but have you considered going into an institution for those who are bedridden and have the telephone at their lifeline side to talk to their relative, talk to their friend or even have a moment to speak to someone under the circumstance of goodwill? Is that not wonderful? Where is your clap, people? I thought you died. [applause] There.

At the same time, gentlemen, and Mr. Chairman, you are the one that is going to have the headache after all this, because you have been here two hours longer just like I have. At the same time I am very concerned that

when this privatization and the stockholders came in, I was making phone calls like crazy. I even had to phone the Citizens' Inquiry. Why do you think I am 211? It is not because I am late, I am unintelligent. It is because the circumstance of trying to conserve the active people to be there who are going to make an impression and make the change and also reinstate the facts that you will not be able to remove and privatize.

Now, I have three reports. We are going through 300 health care changes. My wheelchair breaks, the wheel has to take four days to get repaired. Now, how would you like your leg tied up around your neck and say, well, you cannot move for three days but get to work? Go and do something and you can live with your leg around your neck and say, yes, you can do something, but for four days you have to sit there and wait. Now you phone repairs for respirators. You ask for any kind of service, and you phone the private agency. They say, well, I am sorry, but you are not our customer and we want money first. I said, well, you can come and pick up the money. They said, we do not have an account with you, now we do not see that you are registered; we see that you are with the Health Care department, but you need more services than we can afford because we want to make a profit on you, Mrs. Ducharme. You use the telephone. We know you use the telephone. I have inquired. I have even phoned the top chiefs, everybody in charge, and they said, well, we know we look after you 100 percent, and they do.

Now I have tried the private agencies. We even had to remove ourselves from—and I have a medical alert attached to my chair so that if I require somebody within 24 seconds, a minute or two, they are right at my lifeline. I cannot live in the community, and we are being moved into the community, so we have to have MTS, not a private profit-making agency that says—the first comment they say is, we are here to serve the customer but how much can you afford? Now everybody is here. We have paid for MTS. We own MTS. I have shares in MTS, and if you remove it, Sir, we can take everyone here to court because I have every telephone bill I have paid all my life, every telephone bill. I have shares in MTS, Sir, and Bonnie, you had better wake up soon because you are the only lady at this table, darling, besides myself, and at the same time—no, no, she is behind the board there, the board with the Chairman. There you go—at the same time, I am very angry that this came up.

I approached other major organizations, and they said we cannot get there, Theresa. You go out there, and they will have to call more than one. They will have to move it maybe to 1998, 1999, because if they want to make changes, and by that time Conservatives will have another election, and we will conserve our energies till then. We will have no conserved energy in power because Mrs. Ducharme is on a very, very tight—my husband is not employed, we cannot afford—we own MTS. It is our property, and it is our purposeful prosperity that we have taken care of for our whole lifeline. Now, we are not asking for any, begging or cheating, because we have paid for that system. I will turn over and every individual of Manitoba who has an MTS lifeline will sue the government, and we will ask them to become privatized. Is that not wonderful? Yes.

We will make the government go out. Is that not wonderful? They will get their wages according to how much energy they have put towards the public, and we will privatize the politicians. Would that not be constipating? That is right, because out of all the services that they are wanting to privatize, they forgot to look at their own wages, their own income that they raised. See, they even gave themselves a raise in pay. Now, is that not marvellous that you look at the neighbours but you do not look at your own self and say, hey, we can do better if we cut everybody else off.

Now, you know, it is painful to me that I have to come here when the people from the institutions ask and say, will you go out there and make sure they do not take our lifeline, and they said, Theresa, you do not know how angry we are. We do not even want to come. I said, I promise not to break down because it is painful to me to have to argue and then go to a private agency and say, are you going to stay open all day and they say, no, we do not have enough staff. No, we cannot pay this. Today, I had a problem with the Better Care service that are supposed to start in November. They said, no, our office, we did not have enough staff ready so we are closed at twelve o'clock. I said, oh, is that not wonderful, you are going to open November 7 and here you are not even ready to prepare, and they said, oh, no. I phoned other agencies for a circumstance and they said, well, we have to make money first. We do not serve just anybody. We have to know if you have cash. Where is your account or do you use Visa?

But do you know how painful that is, Mr. Chairman and committee members, because I hope to God—and I would like to ask, have ever anyone of you been without any cash? [interjection] You have been without cash. Why, because you slept over and you forgot your wallet, right? That is right. There. So at the same time, you know, it hurts my feelings, my husband being unemployed, I am unable to do anything for myself. In order for me to have 24-hour care, 365 days of the year, everything I require for 42 years, I have had to ask and be polite and receive and also offer in return. That is why I killed myself to come here today under circumstances, that is why I did not want special treatment, but I said, you know it is very costly to me. I had to cancel my orderly calls so that I could not go to the washroom, I could not eat, I could not drink after three o'clock because anytime I want to go to a special meeting you have to change your whole mechanical and biological changes just to be part and parcel.

Now, I hope you are prepared for this statement, and I want a fax from your decision of the decision of parliament when you deliver it and what happens to all these people because there are other people waiting from institutions. I want to know under The Human Rights Act how you are going to serve them by going to their location. See? A gentleman was right to go to Brandon and go to The Pas, go other places because why sit in your nice warm Legislative Building, and why fight the weather and the conditions and the advisory—

Mr. Chairperson: Mrs. Ducharme, I am sorry. Your time is up.

Mrs. Ducharme: Well, I am not in jail, darling. So I want to say one closing statement, one closing statement. You are supposed to say in two minutes, please. If you are running any meeting, you give a person, not to cut them off their breath.

Mr. Chairperson: You are just encroaching on your question time, that is all.

Mrs. Ducharme: Okay, well, at the same time, I would like to ask, would you please consider the concerns that I have, and how under the Human Rights Act, will you cater and also allow those who are institutionalized to be heard, who are bedridden, dependent on lifeline, MTS, and they are not able to leave their bedside? Now, that is

a human rights act and request that has to be considered before you privatize MTS, because all people have to have a chance to be heard.

Mr. Chairperson: Thank you, Mrs. Ducharme.

* (1940)

Hon. Glen Findlay (Minister responsible for the administration of The Manitoba Telephone Act): Thank you, Theresa. I picked up on a couple of comments you made. I just want to say that MTS will not be leaving the province, and the services now delivered by MTS will not change.

Mrs. Ducharme: Can I have that in writing?

Floor Comment: Talk is cheap.

Mrs. Ducharme: Hey, no comments, I can handle it myself here. I want that in writing.

Mr. Ashton: I really want to thank Theresa for the presentation, and I agree, we should get that in writing, because what the minister does not say is that—he is already saying, the chairperson of MTS is saying that immediately up to a quarter to one-third of the shares of MTS will be sold outside of the province.

In Alberta, where they sold off their telephone company, the shares now trade on the Toronto Stock Exchange. What the minister does not tell you is that 25 percent of MTS under this bill that he is bringing in can be owned by people from outside of the country. They are being really democratic; they are saying you can only buy \$55 million worth of shares. So I think you get some idea from that. I would get it in writing. Mind you, then again, they said in the election they were not going to sell MTS in writing too. So I do not think their word really means much.

Mrs. Ducharme: May I answer your question?

Mr. Chairperson: Mrs. Ducharme.

Mrs. Ducharme: I want to answer his question.

Mr. Chairperson: I am just recognizing you for Hansard.

Mrs. Ducharme: When I asked for him to write that in writing, on October 17, we had a private meeting with the Minister of Health, James McCrae, and we asked him if the Home Care program or any contract is like the contract of MTS or the bank or the mortgage, and he said it is not worth the paper it is written on. That statement was said in front of all the people present, and that is how painful I am with MTS.

So the day it is privatized, they will look out for a lawsuit from Mrs. Ducharme, because I am a shareholder. Okay?

Mr. Ashton: I wanted to ask you a question on that, because everywhere I have gone in the province people are saying the same thing you are saying. They are saying: Let us get this straight here, the government wants to sell off something we already own; and, if we are lucky to have millions of dollars—we are not going to buy back what we already own.

Is your message to the government today that not only are you a shareholder, but you as a shareholder are voting against selling off MTS?

Mrs. Ducharme: You have got it, baby.

Mr. Ashton: I just want to conclude by thanking Theresa. By the way, I have talked to many people in the disabled community, and it is unanimous. Everybody I have talked to said the same thing, and they realize what good service we have gotten from MTS because it is a publicly owned company.

When you are here today, you are not just speaking for yourself; you are speaking for not just the disabled community, but I think for pretty well the whole province of Manitoba, so thanks a lot for coming out.

Mrs. Ducharme: Thank you for allowing me to speak first and thank you for hearing me and accepting my tears because, do not forget, I will be running in the next election and the Parliament is not accessible to me. We will start at home base.

Mr. Chairperson: Thank you for your presentation, Mrs. Ducharme.

I would like to now call, as agreed, our out-of-town presenters. I am starting with Mr. Bud Shiaro. Please come forward. Do you have a written presentation to be circulated?

You may proceed.

Mr. Bud Shiaro (Private Citizen): If I may before my time starts, Mr. Chairman, could you—and it is a short time that is allotted to me and sometimes I ramble on—give me a two-minute warning, please, because there are some points I would like summarize?

Mr. Chairperson: Yes, I will do that.

Mr. Shiaro: Thank you.

A Manitoba heritage—perhaps before we start, can I wait till the paper comes around? I am sorry.

Mr. Chairperson: Please proceed as we distribute.

Mr. Shiaro: Do you want to proceed? Okay, thank you.

In 1908, the Manitoba Telephone System became the first government-owned telephone system in North America. The system was established by a Conservative government in order that all people in Manitoba might have affordable access to telephone communications. As a bit of an aside, I support Mr. Ashton, and I urge this committee to hold hearings across the province, so all people who own this company, the MTS, can have some input to this committee.

Much has changed since those early days of communication. The people of Manitoba have become the owners of a very valuable technological resource. A resource that has placed Manitoba in a strategic position envied by other provincial governments that did not have the foresight to establish a government-owned system. A technological resource that would allow the government to develop the ability of the province of Manitoba to become leaders in the information age.

Since Manitoba Telephone System was established in 1908, it has met and exceeded its mandate to provide low-cost telephone service. The people of Manitoba enjoyed telephone rates that are amongst the lowest in North America. While meeting the mandate of low-cost

telephone service to all areas of Manitoba, MTS has made a profit to return to the people of Manitoba. Since 1990, MTS has made more than \$100 million in profit. In 1995, MTS made more than \$15 million profit. In 1995, MTS had nearly 4,000 employees located through the province who provided network access to 864,000 residents and businesses.

The foresight of successive governments in Manitoba since 1908 is being discarded. The Manitoba Telephone System has now become a symbol of the loss of democracy in our province and nothing less than that. This has been accomplished in a matter of months. Nearly 90 years of fairness to the people of Manitoba is being thrown aside in the name of privatization. The people of Manitoba are once again being put in the position of subsidizing the private sector or, as the late David Lewis said, the corporate welfare bums.

Just to show you the significance of this move, last Friday, The Globe and Mail, Report on Business, their magazine for November '96, talked about interactive media, which includes telephone cable and wireless, and which will grow to a \$1.5-trillion industry in the next 10 years, page 22 of that magazine, if members on this side of the table would care to look that up.

Misplaced Trust. The Filmon government's so-called sale of MTS is nothing short of a political con job. Telling the people of Manitoba that they can buy what they already own is nothing less than a shell game. It certainly is less than that which the people of Manitoba have the right to expect of a government in a democratic society. The most glaring example of this less than democratic approach to governing by the Filmon Conservatives is the fact that at no time during the last provincial election did the Filmonites state that if elected they would sell-off MTS—at no time.

On May 24, 1995, Mr. Ashton of the NDP asked Mr. Filmon in the House if he can indicate whether this government has any plans whatsoever to privatize part or all of the Manitoba Telephone System. In fact, will he assure Manitobans we will maintain public ownership of the Manitoba Telephone System within the province of Manitoba as a Crown corporation?

Mr. Filmon responded by stating: I can indicate that we do not have any plans to do that. We continue always

to operate on a pragmatic basis. We continue always to look at ways in which we can ensure our economy will grow, that we will take advantage of new technology, of all the things that are important to us as an economy and a society.

Now, if one was to answer that question in an obtuse manner, then one might give any manner of meaning to the words of our Premier. However, if one is to continue to believe that Mr. Filmon believes in and practises all aspects of a democratic and caring form of government, then one must believe that Mr. Filmon clearly answered Mr. Ashton's question in an unequivocal manner. Mr. Filmon clearly stated that he had no intention of privatizing any or all of MTS. Then Mr. Filmon went on to partition and privatize MTS. He sold the cable operations for \$11.5 million, while an internal MTS report released three months before the sale said the value of the cable portion of MTS to be greater than \$70 million in the *Winnipeg Sun*, May 10, which is attached to my presentation.

The report went on to say that the wires and transmission equipment are a little gold mine in the information age. Furthermore, the report states, cable operators could use those wires to offer local phone service and may one day steal away hundreds of millions of dollars worth of MTS business. When Mr. Findlay, as the Minister responsible for MTS, was questioned about the report, he stated: the evaluation we had was \$7.5 million. When pressed for details, Mr. Findlay stated, I cannot remember the company, but someone was hired to do it. Mr. Filmon stated that he and his government operate on a pragmatic basis. Surely, there is little sensible about giving away nearly \$60 million of public money. Surely, it is anything but pragmatic to put a person who apparently suffers memory lapse in charge of a Crown corporation with the economical and strategic value of MTS. It must be.

Mr. Filmon oversaw a deal that gave Faneuil, an American telemarketer, a \$47-million contract that included the right to use the MTS customer database for seven years. The June 5 *Winnipeg Sun* says something about that being illegal, but that remains to be seen. Faneuil gave up \$16 million in shares for the right to use the database. Mr. Filmon gave up \$47 million in control over the way in which MTS could take advantage of a multimillion-dollar industry. Mr. Filmon stated

unequivocally that he operates in a pragmatic manner on behalf of Manitoban society. Giving up \$47 million to make \$16 million is less than pragmatic. Giving up control of a portion of the business with a multimillion-dollar potential is simply a matter of operation that is more closely resembling obtuse than pragmatic.

The Filmon government has chosen to ignore Manitobans who are owners of MTS. A public utility with assets in excess of a billion dollars represents a large portion of the wealth owned jointly by all Manitobans. Surely, the Filmon government must seek approval of all Manitobans prior to making any decision to privatize MTS, or go into the rural areas and talk to people, take this committee out there. Perhaps the most important thing that MTS now represents in Manitoba is the loss of democracy in our province. This loss can still be reversed.

Restoring Confidence. The government should consider the following reasons to withdraw Bill 67.

(1) The special share that the Manitoba government will hold in the privatized telephone system is likely to be relatively short term in duration. Section 13(8) of the bill provides for the redemption of Crown shares by the corporation. This section is entitled Crown vote ceases. It would be better if it were noted as the public control of Manitoba ceases of Manitoba Telephone or one dollar equals one vote, because if I have a million bucks, I can buy a million votes in this company, but as a taxpayer I cannot do that and as a worker I certainly cannot do that.

* (1950)

The following is an example of why Bill 67 will put the people of Manitoba at economic risk. The private insurance companies claim to be one of the most competitive private industries in Canada. This industry has balked at banks getting into the insurance business, claiming that the banks would have an unfair advantage in an already lean, competitive marketplace.

In spite of this assertion by the insurance industry, the Manitoba Public Insurance Corporation states that Manitobans are paying some of the lowest insurance rates in Canada under the publicly owned Autopac. It is that Road Wise information leaflet you get with every renewal; at least I get it with my renewal. In fact the

government leaflet which accompanies all notices of renewal indicates that we are second only to the public insurance of Saskatchewan. We are also at approximately one-third the cost as a public utility—one-third the cost of the insurance in the newest heartland of competition, Toronto. What a place.

It would seem prudent to reconsider the need for this bill and to further consider the advantages to all Manitobans of owning their own telephone system.

The cable television industry is seeking cable deregulation as noted in the Winnipeg Free Press, October 10, '96. The press article goes on to say, the cable industry wants to charge what the market will bear in Canada's largest communities by early 1998.

This article notes major phone companies also have their eye on the market, but we are not; we want to get out of that business. It totally amazes me. It would seem to be good business sense to attempt to lessen one's losses. A government that has literally given away its cable component—

Mr. Chairperson: Two minutes.

Mr. Shiaro: Thank you—of the telephone system should admit its mistake. This government should not put the people of Manitoba at further risk.

The third reason to get out of this: This government has an obligation to consider the well-being of all people in Manitoba. Presently, the profits of the Manitoba Telephone System are returned to all Manitobans. This is after jobs are created and paid for, capital is invested in and new workers are trained, along with the upgrading of present long-term employees.

I would then like to flip to the last page. Withdraw Bill 67. This government should drop this bill. If the government is not prepared to drop this bill, then it should find the courage to call an immediate election. Make the sale of Manitoba Telephone System the platform upon which this government goes to the people of Manitoba. Let the people of Manitoba decide the fate of this telephone system, their telephone system.

Therefore, I would like to do a poll of each and every member of this committee, and I would like that poll to

go on the record. Mr. Filmon stated in the May 3, 1996, Free Press that he argued against the privatization of MTS in the last election. Therefore, are you prepared, each and every one of you, members of this committee, are you prepared to advise Premier Filmon that he should dissolve the government and call an immediate election on the Conservative sole platform of selling off MTS? I want a response. I think as a taxpayer I have a right to a response from each and every one, for the record. Are you prepared? This side of the table is. Mr. Minister, are you prepared to call an election? You are not prepared to call an election. Let the record show that the minister shakes his head in the negative. Can we start down this side perhaps. No, let the next minister, and I do not know if the seating arrangements are recorded, but the next minister chooses not to look at me, and the next minister?

An Honourable Member: He is not a minister.

Mr. Shiaro: He is not a minister. The next member of the committee. [interjection] You are like Tim. No, you are not like Tim, by any means, sir. Mr. Ernst is a man who has been around many years in various levels of politics. Are you prepared to advise your colleague the Premier of Manitoba to dissolve government and call an immediate election?

Mr. Chairperson: I am sorry, your time is up. Are there any questions?

Mr. Ashton: Mr. Chairperson, I wonder if you think perhaps the reason the government does not want an election now or any kind of vote on MTS is the same reason why they did not tell the truth to the people of Manitoba in the 1995 provincial election about MTS when they said they would not sell it off.

Mr. Shiaro: Through the Chair, the reason that they will not call an election is the same reason they did not raise the issue, is they do not want to put the facts on the table. If they called an election, the people of Manitoba would know the true worth of MTS, I believe. They would also have an opportunity to examine all the facts, all the issues, what is happening. A \$1.5 trillion industry, in the evolution—everything says this is the way to go, and we are leaving it. So, yes, I believe that the reasons are the same. It is deception. I am sorry, but it is.

Mr. Ashton: I am wondering, too, being a resident of rural Manitoba, from outside of Winnipeg, what people are saying in your community and people that you may—I think, by the way, the window slamming is probably the ghost of Rodmond Roblin. I notice his picture is right next to the window here. He is trying to send a message to the government. But I wonder what people in your community are saying about the sale of MTS. Do they support the sale or do they want to keep MTS publicly owned?

Mr. Shiaro: Through the Chair, the people in my community in Selkirk that I have talked to—and I live just outside of Selkirk in the municipality of St. Andrews—want to keep MTS. Their understanding is that there is the potential as soon as this is privatized of having to pay approximately \$30 a month more on their bill. As a shareholder, that is my dividend and I have a right to protect that as anyone does. So the support is to keep MTS publicly owned and let it be out there in this evolving industry.

Mr. Chairperson: Mr. Ernst. [interjection] Oh, Mr. Ashton.

Mr. Ashton: Yes, I am quite willing to give leave afterwards to Mr. Ernst if the time runs out. I just wanted to ask one further question. When I asked—I mean, you mentioned some of the questions that I have asked in the Legislature, and I did ask that question. I also asked the minister in September, by the way. He said they had no plans to privatize MTS. He even said that the only person talking about it was myself and the only party talking about it was the NDP. This was last September, a few months before they sold off MTS. When I asked the Premier to put it to the vote of the shareholders—and you have mentioned this. Theresa Ducharme mentioned earlier about being a shareholder. What he said in the House was we were shareholders in name only.

Now I am just wondering how you feel—you mentioned the fact that you feel that you are a shareholder—about the Premier's suggesting that you are not really a shareholder, that in effect by selling off MTS the way they are doing it here, that the only ones who really have a say over its future are the people in the Conservative government, that you as a shareholder have absolutely no say over its future.

Mr. Shiaro: Through the Chair, I believe what I feel about this is that the Premier and some of his colleagues

are then saying that I am a citizen in name only. I am not a citizen, I am not a voter of Manitoba except for one brief minute when I walk into that voting booth and drop my ballot. After that, I do not count. I am nothing, and that is undemocratic. That is not what democracy is about. That is not what our voting process is about.

When Mr. Filmon says that, as the Premier of this province, I think what he is saying is that he has little regard for the consequences of what this means. When you remove that form of democracy from people, when you say you are not truly citizens of this province, then what the hell alternative are you leaving people. It is scary, and it is heading downhill fast. Of course, what they will do is pass a bill to build another prison to take care of all the people who are truly frustrated and rebel, but that is what he is saying to me. He is indicating a lot of disregard, uncaring and total disregard for democracy, and it scares me. It really scares me.

Mr. Chairperson: Mr. Ernst, for a quick question.

Mr. Ernst: Mr. Shiaro, can you tell us who your employer is?

Mr. Shiaro: My employer is the City of Winnipeg.

Mr. Ernst: Thank you.

Mr. Shiaro: Can we tell me who your employer is, Mr. Ernst, when you are not here?

* (2000)

Mr. Chairperson: Thank you very much for your presentation. I would like to now call Shelly Blanco. Do you have copies for distribution? You may proceed.

Ms. Shelly Blanco (Private Citizen): My day began today very early. The phone started ringing before eight o'clock in the morning, and my children used that phone three or four times to determine who had their t-shirt; what shoes their friends were going to wear to school; make sure that they had what they needed to get to school, to and from their friends. It is their network.

After they left for school, my 21-year-old boy used the phone to take care of an airline ticket problem that he had had. A friend of mine stopped by after dropping her kids

off to school, and she used my telephone to phone and sign up to come to this hearing today. My daughter phoned because she forgot her binder, maybe not her friend's jeans, but she forgot her binder. The foster care co-ordinator from Gimli called me because I am a foster parent. A parent in the community wishing to register her child for gymnastics phoned me to find out how she could do that now in the middle of the season. One of my friends called to chat, and the dentist called me to talk about my children's dental appointments today.

The telephone system is not a commodity. It is not a styrofoam cup company that we can do without. The telephone company is what all of us use to participate in our communities; it is what we use to run our lives; it is how we get help. The telephone service is one of our life blood. We cannot do without it. We cannot risk that someone will decide that, well, maybe long distance is too expensive to provide to these people, or that basic service has to cost four times as much for people living in a certain area, or that we should have pay-per-call service that makes it impossible for a homebound senior citizen to stay on the phone and make maybe 15 or 20 calls a day because that is the only way they can communicate to other people or shop for their groceries or call someone when they are frightened or sick.

I think it is absolutely shameful that this government would even consider using something as vital and as basic a resource as our communications system, thinking about it as if it were something we could sell and allow anyone else to own it. The health and well-being of Manitoba is what we as voters ask you to protect and to nurture for us. I do not think that is what is happening with Bill 67, and I am here today to ask you to please withdraw this bill and do not hesitate.

The reason that I believe privatization is the thing we do not want is that the mandate that we have when we own our own company is a mandate to provide some kind of equitable service across the province. It is a way of ensuring that if we wish it we can step in and have some control over the kinds of policies, the kinds of service that we will get. We can say to our own corporation, no, you cannot charge the people in the North or senior citizens or someone else a higher rate because it costs more to provide service to them. What we can say is, we want a quality of life in our province, and we will organize this company to provide that to everyone. Now

we cannot do that about an awful lot of things, but our basic natural resources and those things that are important for our well-being we can do that, and we should do that. That is your job when you are elected.

I was speaking today as a private citizen, but I would like you to know that I am also a co-chair of the Selkirk group that was working to save MTS, and so I would like to speak a little bit on behalf of those people in our community that I think will be affected if this bill were to go through. I have mentioned before that one of the calls I got today was from a parent wishing to register her child. I am on the board of the gymnastics association. Our town has figure skating associations and hockey associations and every kind of sport association that you can imagine. We have the Kiwanis Club and all of the service organizations.

How do these organizations operate? On volunteer labour and volunteer time because people like myself who are not employed outside the home are making hundreds of phone calls every year to make sure that the services and the sports that take place in our communities happen. We do that with our telephones, and if there is anything done to that telephone to increase the rate that I will have to pay in order to do that, I will not be able to provide that volunteer service to my community, nor will an awful lot of other people. That will mean that a very, very serious effect on my community will happen. We need that. It is how we talk to each other. It is how community groups organize.

Our community has a lot of senior citizens as do most. Many of those people have difficulty getting around. They rely on the telephone. They can shop over the telephone. They can talk to friends. They can call doctors. They can order drugs through the pharmacy. They can call for help. They can arrange rides. These things are important, and these people are on fixed incomes, many of them. How can we possibly say that this particular thing, the telephone, is something you do not really need or you do not need full service? That is not fair. That is not the quality of life that we want to say we have here in Manitoba.

We have a mental health facility in our community, and probably because it exists there, we have a crisis unit as well. We have many people living in our community with mental health issues, and the phone is also a life line

to them in very much the same way as it was to the first woman who spoke tonight. The phone is what allows them to live independently in their own home because they can use that phone to get the help they need when things become too tough. There would be a huge cost to the province if these people had to go back into institutions because they were no longer able to freely use the telephone to seek the help and the organization they need to carry on their lives with the disabilities that they live with.

We have rural residents attending Selkirk. We have a huge rural area around our community and farmers for whom that telephone is what is used to order parts, to talk to one another from long distances, people who are not able to drive in and out of town where there are other people. Many friendships take place over the phone. I know many of my friendships take place over the phone. I do not think that we want to change that.

We also have in Selkirk one of the MTS facilities, and I have a huge concern over the effect that privatization will have on the workers at MTS. I have two particular concerns: one is the possibility of massive layoffs, and I fail to see in any way, shape or form how a growing number of unemployed people in my community could benefit my community at all. I also have a concern about the quality of the work life of people working for phone companies under privatization—

Mr. Chairperson: Two minutes.

Ms. Blanco: Not too long ago, I saw a program from the United States where there are private phone companies. It was a show about sweatshops and the resurgence of sweatshops in the United States, and they were talking about the contracting out of various parts of the telephone service. It was absolutely dreadful what was going on there, people working at less than minimum wage for piecemeal work, and that is what is going to happen to our MTS workers if we privatize this company.

I have a family. I have seven children; I foster another. We have a phone bill already over \$100 a month that we can ill afford. Any change in that will be a lowering of the quality of life that we have. I want to say that we are average Manitobans on an average income, and I do not think that we should have to pay with the vital services in order to be residents of this province.

So I would ask you again. There is no harm in withdrawing a bill. I know you want to ram it through, but I think that I speak for many people. One last comment before my time is up. I want to tell you that you have 212 people on this list, but you have thousands more who would like their voices heard, but the democratic process here has become so difficult. There are at least 20 people I personally spoke to who do not have the courage to come into a building as ostentatious as this and speak to you with any kind of comfort. It is not that they do not have opinions; it is not that they want to see MTS privatized; it is that this is not an environment in which they can operate. So I would like to say that I speak on their behalf, and I am sure so do everyone else of the 212 who are here.

Mr. Chairperson: Thank you for your presentation. Are there any questions?

Mr. Dewar: Thank you, Ms. Blanco, for both your presentation this evening on behalf of the residents of Selkirk and your work on the SOS campaign. I want to ask you a question about that campaign. Could you tell me the budget of that campaign, please, in Selkirk?

Ms. Blanco: Yes. We have spent \$157.

Mr. Dewar: Can you tell me how that \$157 was raised?

Ms. Blanco: It was raised out of the pockets of people donating that money to us.

Mr. Dewar: Thank you. Could you tell me how that money and where that money was spent?

Ms. Blanco: We had a little bit on postage. I cannot remember. [interjection] Yes, I had some long distance charges. No, Greg, I cannot remember. Sorry.

Mr. Dewar: As I recall, the coalition, they purchased balloons—

Ms. Blanco: Oh, that is right. Yes, we went in the parade in Selkirk. We purchased balloons that we gave out to the kids.

* (2010)

Mr. Dewar: This \$157-campaign, the government was so threatened by that \$157-campaign in Selkirk that they

spent \$400,000 of taxpayers' money to counter it, to counter the campaign in Selkirk and to counter campaigns like this campaign throughout the province. Do you have any comments on that?

Ms. Blanco: It is rather unfair competition, I would suggest.

Mr. Ashton: This is a follow-up question. Who are the people of Selkirk believing, the government with its \$400,000 advertising campaign or the Save Our Telephone System committee in Selkirk with its \$157 campaign?

Ms. Blanco: Well, I can tell you I know that, when we began our sign campaign a couple of weeks ago, I personally did the phoning to ask people if they would take signs. I made probably 150 calls, and I only had two people who did not wish to have a sign put in their yard. That says an awful lot to me about whom we are representing when SOS is here tonight.

Mr. Ashton: As you know, one of the issues that has been raised even tonight is the fact that we are all shareholders in MTS and we had no opportunity to vote on whether to sell it off in the election because the government said it was not going to sell MTS. What is your sense of Selkirk? You mentioned in terms of the signs and what-not, but if people had a chance to vote on this in Selkirk and surrounding communities, how do you think they would vote? Would they vote to sell off MTS or to keep it publicly owned?

Ms. Blanco: I do not think there is any question whatsoever that the Selkirk community wishes to keep MTS. I would like to respond a little bit to what you said about having hearings around the province. While I can absolutely concur with your request that that happen, I would suggest that it is absolutely unnecessary to have hearings around the province, and I think the people of the province have spoken quite loudly. I do not think the people of the province want MTS sold. I think they want it in public hands. I think they want to keep it in public hands, and I do not think there is any reason to believe otherwise. Now if the government is going to attempt to ram this bill through anyway, then certainly I think you had better have public hearings so that you understand quite clearly as a government that you are doing it against the will of the majority of Manitobans.

Mr. Ashton: I am wondering, have you had the opportunity to talk to some of the government MLAs privately, and recognizing the fact that right now it would taken two government MLAs to vote against the bill and this bill would not pass, because they have 30 members on the government side? I know all 23 NDP MLAs oppose the bill; there is a member from the Liberal Party here as well, and all three Liberal MLAs have opposed the bill, but if you had a chance to talk to those MLAs and try and persuade two of them to vote to save MTS, to keep it publicly owned, what would you say to them?

Ms. Blanco: I think when I am making a decision in my home, one thing I have to ask myself first is, how will this decision affect the health of my family, the health and well-being of my family? Will the sale of MTS into private ownership contribute in some very clear way to the health and well-being of the lives of Manitobans, not to the lives of people who own it, not to the lives of people who might profit by that system, but we have to look then, what is the quality of our telephone system, and do we have any reason to believe that the sale of this will improve that or improve its accessibility to people in our province? If we cannot demonstrate very, very clearly that the sale of this company will in fact contribute in some very clear and definable ways—you should be able to list those. There should be a nice big list of how will our service be better, how will the cost of the system—can we guarantee that that will not be increased? What will be the benefits? If we cannot determine that there will be benefits, then we should not do it. I think there must be MLAs out there who can make that decision—two, I would hope.

Mr. Chairperson: The time is up. Thank you very much for your presentation.

I would call Paula Mallea to come forward. You have handouts. Please proceed.

Ms. Paula Mallea (Save Our Telephone System): Yes, thank you, Mr. Chairperson. I would encourage people not to try to read that thing right now; save it for your bedtime reading. It is far too long. I would rather have your attention here, if I may.

There was a lot of eloquence coming from those previous speakers. I will not try to match that. What I want to say, though, is that I have lived in Manitoba for

11 years now, and I chose it among the many places in the country that I have lived as the place that I wanted to be. I am beginning not to be proud to be here. I am beginning not to be very proud of this government. Mr. Ernst commented that this is the only government in the country which would provide us with an opportunity like this to present to a committee. I would like to suggest to him that this is about the only government in the country as well that would try to pass this type of extremely important legislation without ever telling the people that was in its plans.

This government is distinguishable, I think, from the Harris government in Ontario only by the fact that at least Mr. Harris had the brass to tell people what he was up to, and they got to vote on those things. We never had that chance and I think we need to have it now. I am not one of those who feels that every piece of legislation that the government wishes to put forward has to be taken to the people. You have been elected to be leaders and we expect you to lead, so that is not my point.

This legislation is different in kind. It is an essential service we are talking about; it is essential for all Manitobans. It has an effect distinctly and directly on every single Manitoban. We own it; we have owned it since 1908. This is not the kind of legislation that you do not take to the people, my friends, and I would ask you to reconsider, with all respect.

Now, I guess, because my expertise is as a lawyer that I would like to address some of the legal aspects of this thing. I have read this legislation backwards and forwards, and I have heard the honourable minister in charge of telecommunications say, as he said today, that Manitobans will continue to be in control of our telephone system. Sir, with all due respect, there is nothing in the legislation to guarantee that. You have every intention of passing the legislation before ever doing anything about such guarantees. We have no way of knowing whether you will put such guarantees in the prospectus for this company that goes before the Securities Commission after the legislation is passed. There is nothing in there, Sir, that is going to keep this company either physically in the province or in the hands of Manitoban people.

Just to be specific for a moment, I would ask everybody in the committee to please reread Sections 11 and 14 of

the act because they permit anything, virtually anything, to happen with respect to ownership once the debt is paid off. You and I both know that, if AT&T Canada gets interested in this company, as they are, and they can be, they are now cited to be, and approved by the CRTC to be in fact a Canadian-owned company, Canadian-controlled company—and if you believe that, I have a bridge to sell you—if AT&T gets interested in this company, that debt is going to be paid off so fast, you are not going to have time to think about it. Once that happens, the head office can go anywhere, the jobs can go anywhere, it can be fully owned by a single individual. That is what the legislation says, Sir, and I would challenge anybody at this table to show me where it says otherwise.

* (2020)

Now, there is a certain arrogance attached to your efforts to do this without consultation of any kind. I am personally insulted, and I am insulted on behalf of all of the people behind me by the fact that it is clear to me that you feel that none of us is smart enough to understand this business, that none of us can distinguish between public and private enterprise, that none of us has ever run a successful business, that none of us can read a balance sheet. Sirs and madam, I think not. We do know what we are doing here. You underestimate our intelligence, and it is quite breathtaking the way in which you are doing this.

You say, two days after the last annual report of MTS came out, which said that it was competitive; it was paying its debt down and it was making money and providing the best service in the country. Allowing for the fact that we tend to exaggerate a little in our annual reports, all of those can be demonstrated to be true. Two days later you are selling the company. Why? Because we cannot be competitive, because our debt is too high, because we do not have good service, because we cannot afford technology. Give me a break.

Here is Grade 2 arithmetic, just for what it is worth. A private company is going to buy our telephone system. That private company is going to immediately waltz to the CRTC saying, please, sirs, we must have some more higher rates, please, in Manitoba because we have additional costs. We have costs of providing this service that the publicly owned corporation did not have. What

would those costs be? Number one, a private company will be paying corporation tax. You know that we do not do that right now. That is a big chunk of money, and any private enterprise getting into this business is going to be very concerned about it. That is one.

Two, they also are going to be paying a whole lot more for whatever debt they have to take care of, and that is because, of course, our system benefits from the credit rating that your government provides. That is a big difference; it is a lot of money. It matters and it is going to come out of our pockets.

Finally, and not least—and I hate like heck to be the first one here to mention that word “profit,” which is not a dirty word; I am a businesswoman, I know what profit is—but a profit for a publicly owned service that is supposed to be provided affordably and accessibly to all Manitobans is not on, sirs; it is not on. We cannot have them going to the CRTC and saying, you have to let us raise rates because we have to give our shareholders a return. Our system right now does not have to give us any more return than we require to run a good service. It is service at cost. We are prepared to support that service, and we have great difficulty understanding how any private organization is going to be able to provide better service more cheaply to anybody here.

Now, I come from Erickson. I just drove for three hours to get here and I am going to have to drive three hours back through God knows what kind of weather to get home, and the people where I live stand to have their local rates triple under private ownership. People living in the North where Mr. Ashton and Mr. Robinson, who is here, and others who are representing their people tonight are likely to have their rates quadruple. That is a lot of money for somebody on a fixed income. That is a lot of money for people up there who do not have the kinds of income that you have sitting here in Winnipeg.

Mr. Chairperson: Two minutes.

Ms. Mallea: Here is what is going to happen when this thing gets sold to a private enterprise. All the jobs—just like happened when Unitel came to town—are going to go some place else. Any that do not are going to be reduced to a shambles. They are going to pay less. They are going to have fewer benefits. They are going to be part-

time and have no benefits. That is the first thing that is going to happen.

The second thing that is going to happen is any self-respecting private corporation is out there properly to make a profit for its shareholders. It is not there committed to Manitobans. It is not there committed to providing service. It is going to take one look and say, right, these services are not paying. These services are costing us money. That is me in Erickson; that is the guy in Tadoule Lake and Churchill Falls and every place else. Those people are either going to have 50 bucks a month to pay for their local phone, or they are just not going to have a service. This is 1996. You cannot even do a decent job search without a telephone, so let us get serious about this. I mean we are talking about saving people their phones here.

I know other people are going to mention this, but the other thing that the legislation does do is it puts into some jeopardy the benefits that people who have worked for MTS over their lifetimes are expecting to receive, and they have every right to receive. These people have paid dearly for those benefits. I know that the legislation is set up not to reduce the amount of money that goes into those benefits, but that is all it does. It does not protect what benefits are provided. It does not protect the erosion of benefits. It says nothing about what would happen to the surplus that might arise from superannuation funds.

Mr. Chairperson: Excuse me. Your time is up.

Ms. Mallea: I am just very disappointed that I have driven the minister from the room. Let me say that right now, and I will take your questions.

Mr. Chairperson: Questions?

Mr. Ashton: I would like to thank the presenter. I would also ask that the brief be accepted as a written brief to be printed in the Hansard, which is the practice because I was listening, and I am just going through it. It is certainly a well-researched brief.

Mr. Chairperson: Is there leave?

An Honourable Member: Sure.

Mr. Chairperson: Yes, leave then to have the presentation by Ms. Mallea entered into the record.

Point of Order

Mr. Sale: Point of order, Mr. Chairperson.

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

Mr. Sale: Without encroaching on the time of the presenter, it is my understanding that by convention all written briefs are accepted without the need for a motion on each one. If that is not the case, could the Chair so advise so that we could move a single motion and not have to do this each time?

Mr. Chairperson: I think it is customary that all written briefs submitted are entered into the record.

* * *

Mr. Ashton: I want to focus on the issue of rates because I do not know if you have received a copy of the so-called MTS Answers that was sent around. I assume everybody in this room has. This is one of the things they are spending the \$400,000 on. I notice one of the members of the public at the back has a copy with her currently. What is interesting about what that document says is: trust us—I am just paraphrasing it here—the rates are set by the CRTC. I want to focus in on that because I have before me—and you reference this in the written brief—and I want to reference the specific decision on the 19th of February, 1996, with AGT. You said a private company is going to be able to go to the CRTC and get those additional costs recognized. Well, the 19th of February, 1996, AGT went and got a \$6 a month increase because of tax liabilities that went back to the privatization. Not only that, the CRTC stated that it regulates, basically it guarantees AGT—which used to be publicly owned and now it is privately owned—a return on equity of 10.25 percent to 12.25 percent.

Now, I want to just briefly mention what the investment bankers said about the return on investment in Manitoba. They said it is about 6.7 percent. This is not my figures; this is the three investment bankers. So are you saying then that under the regulations that the day that MTS is privatized that private company will be able to go to the CRTC and say, hey, look, we are only getting a 6.7 percent return on our investment; we need to get between 10.25 percent and 12.25 percent as AGT is allowed?

Ms. Mallea: I fully expect that. In fact, there you have the precedent, of course. Further to, I think one of the things that has been missing from the debate is that we should be learning from our history. I think that, if there were examples of privatized telecommunications companies that have been beneficial, the government would be trotting those out as we speak. They do not exist.

The Canadian examples that I am aware of that are recent and are, I think, useful to us are British Columbia, which since privatization has raised rates at a much swifter rate than ever has happened in Manitoba and also which is requesting, as we speak, to be able to charge consumers for each and every single local telephone call. Think what that would do to a small business, a nonprofit organization or even someone just trying to run their lives with their children in schools and everything else, it is just—it is beyond the pale. Also, in Alberta, I am aware that since they privatized five or six years ago they are now paying some 34 percent higher rates than we pay in Manitoba as between their last effort to raise rates and the one which will take effect in February, that is, from December of last year to February of next year, 14 months, their local rates have been increased from between 70 percent to over 100 percent. That is in just over a year. Now that is what we can expect a private company to bring to us in Manitoba.

* (2030)

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

Mr. Ashton: Also, AGT is the same model they are following in Manitoba, but since I am obviously running out of time here. I want to ask you, you mention you are from Erikson. Your MLA would be—

Ms. Mallea: Mr. Gilleshammer.

Mr. Ashton: The Minnedosa constituency. He is one of the government members. He is one of those potential two who could save the Manitoba Telephone System. I am wondering what you would say privately to Mr. Gilleshammer as a constituent of his, as a rural Manitoban, that might try and persuade him to be one of those two people to save our telephone system.

Ms. Mallea: Well, everything that I have said up to now, but also just that people are very restless about this. I mean, he was elected to office to do the things that he said the government at that time was going to do, not to sell the telephone company. When I speak to Progressive Conservative supporters in the area, they are, first of all, surprised that anyone would even try such a thing without going to the people and, secondly, amazed that they are not given an opportunity to say anything about it at all. When they see that what the arguments are, they are virtually 100 percent unanimous that this is folly, and they know it. I regret to say it, I think this government is going to go down in history for this one, and you heard it here first.

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

I would like to now call Mr. Al Mackling to come forward and make his presentation. Do you have notes?

Mr. Al Mackling (Private Citizen): No.

Mr. Chairperson: Then proceed, please.

Mr. Mackling: The present administration says it want to privatize Manitoba Telephone System because it now faces competition in a deregulated system. MTS has proven itself successful despite competition. We have had deregulation in long distance for some many months, but MTS is winning in this competition. What about this whole principle then of competition? Did it just start in this year, 1996? No, it was alive and well in 1908 when a Conservative government said, we own a government telephone system. They were operating a government system, a very limited system, but they said we are going to buy out the competition, private competition. They were doing the reverse of what this administration is now doing.

Why were they doing that? Here was a competitive telephone system in Manitoba, so the Manitoba Free Press—it was not the Winnipeg Free Press then—had a reporter that questioned Premier Rodmond Roblin about this: Will you tell me why the government purchased the Bell system instead of completing the public system already begun? In effect, why are you eliminating the competition?

Mr. Roblin said: We purchased the Bell system for the purpose of avoiding the necessity of having a dual

telephone system in the province, and in that way preventing the waste of several million dollars of capital as well as the extreme cost to the telephone user. In effect, he was saying, telephone competition is going to cost money to the users. It is not going to save any money. He was right. It costs money. You have to invest in a business; you have to have a marketing agency; you have to have advertising; you have to have publicity. You have to have all the infrastructure and all the office staff. So he said, we want one system. In effect, that is what he was saying.

He went on to say: I believe also that it is a good commercial proposition and whatever profit there is—you know, Conservatives were not afraid to shy away from the word “profit”—in the operation of the telephone system from this time on will belong to the people of Manitoba rather than to a private company. I am also proud of the fact that we have been able to secure for the people of Manitoba, the first complete system—complete system he is talking about—of government-owned telephones on the continent of North America, and I am sure from the information that is being secured that the result, as years go by, will prove more and more beneficial to the people.

A Conservative government launched the MTS, despite the fact there were services out there, to provide a complete service, to provide a unifying force in the province, to make sure that everyone in the province would have an opportunity one day to have telephone service. And you have heard eloquent testimony tonight as to the essential nature of the telephone industry in this province as an important social and economic sinew in this province.

When the Roblin government started out with the Manitoba government telephone system and then bought out Bell, it was operated as a completely tightly controlled government system. There was no regulatory board looking over what they did. They set the rules as to how much people would pay. Only after a time did the government give up control because it wanted to make sure that the system was built to provide service to the people.

Service to the people of Manitoba was the criterion, not as would be the case now. Under privatization the operation would be based on a return of the bottom line,

on profit—and there is nothing wrong with profit—but not a concern to provide an essential service throughout the province, but to register a profit for the shareholders.

Now the present administration says that MTS cannot meet the technological challenge. Think of the challenge in 1908. Think of the uncertainty about the advancing technology then. That gentleman was not afraid as a Conservative to launch a government enterprise to provide services to the people. What about MTS's position in respect to technological challenge? I think the present administration is hoping that the people of Manitoba have very short memories. I remember about 20 years ago, the Manitoba Telephone System being the pioneer in respect to a system—I believe the code name or the acronym was Iris—and we had a community, I believe it was Headingley, that as an experimental model was completely wired into the new technology. You could do everything from your home by the telephone.

Now that technology was not taken up. It was too expensive. It was too far ahead of its time, but the MTS as a corporation has not only lived with new technology, it has been at the leading edge of new technology. So this argument that this minister and this government are making, that the MTS cannot cope with the new technology is not worth listening to. Just by the way, to underline it, just in today's Free Press, MTS gives net speed a big boost—right up in front on the technology. That argument just does not wash at all.

* (2040)

What about this public debt? The other argument that they say is that the poor corporation has a great debt-to-equity ratio. We have to admit around this table and in this building that successive Liberal coalition, coalition of Liberals and Conservatives, Conservative governments and NDP governments have said indirectly to the corporation: Did you provide service at cost? You are not there to make a profit. You are to provide a blanket of service throughout the province, and they have done that and done that very, very well.

The debt-equity ratio could have been changed over the years by Conservative, Liberal or NDP governments if they wanted to by a moderate change in the basic telephone rates—

Mr. Chairperson: Two minutes.

Mr. Mackling: —but that was not the foremost need. The need was to expand and to enjoy a sophisticated modern service throughout the province.

When we talk about debt-equity ratio, the minister who—I will not refer to the fact where he is, but it was he that forced the telephone company to advance schedule the introduction of private line service. I happened to live on party service—and I was Minister of the Telephones at one time—and I was prepared to wait and we were going to be waiting another two years, but this government said, you had to do it right way. It was a political act to force the corporation to spend hundreds of millions of dollars to advance private telephone connections. Now they criticize the corporation for part of that debt.

I want to underline my concerns about the lack of consultation in respect to this legislation. Nowhere was there any hint that if elected a Conservative government would launch privatization of the telephone system. Where privatization had its earliest beginnings, I suppose, was in England. At least they had the courage and the will to state this is what they were going to do. This was a hidden agenda on the part of this administration, and I want to say, as Sterling Lyon used to remind me across the Chamber, that governments do not own public assets that are under the control of government, that they are the mere trustees of those assets.

Mr. Chairperson: Sorry. Your time is up.

Mr. Mackling: Well, I will answer in questions.

Mr. Chairperson: Thank you very much.

Mr. Ashton: Mr. Chairperson, I want to welcome Al Mackling back, former Minister responsible for the Manitoba Telephone System, former Attorney General, and I want to ask Al a couple of questions. Well, the members across the way, if they wish to raise questions to Mr. Mackling, will have the opportunity without making comments across the table here.

I respect Al Mackling a lot, and I want to ask you a slightly different perspective here. You talked about the fact that the government did not say they would sell off MTS in the election. I want to go to some of the

questions that have been raised before. Most of the presenters have said we are the shareholders of MTS. I want to ask, more in your capacity as a lawyer and as a former Attorney General as well, if this was a private company, would they be able to do what they are doing, which is basically dispose of the assets of MTS without a shareholders' vote?

Mr. Mackling: Absolutely not. Your analogy is fair. The people of Manitoba own this corporation. They have elected, not by 55 percent or even near that, a group of people who are entrusted with the administration of this asset which we own. That administration did not encompass the right to sell it off. There has to be, in my view, when there is a trust relationship, some consent either tacit or explicit given by the beneficiary of a trust to the trustee in order to allow that trust asset to be disposed of. It would be unheard of in any transaction in law where this trust relationship occurred for a trustee to arbitrarily dispose of an asset as the MTS is to the people of Manitoba.

Mr. Ashton: So, in other words, if this was the private sector, this was not this government, they could not do what they are doing. They could not as a trustee sell off the assets without the approval of the owners of the company, the shareholders.

Mr. Mackling: Exactly right. I have looked and I still believe that it may be open for a challenge to be made in court because there is no justification for this sale. There is no hint of consent on the part of the owners of this corporation to its sale.

Mr. Ashton: Well, it is interesting you have raised the legal question, Mr. Mackling, because this is something that has really bothered me since the beginning of this whole episode of Manitoba history. We know they do not have, I believe, the moral or ethical right to sell it or political right since they did not campaign on the election and have not put it to a vote of the people, but you are suggesting, then, perhaps they may not even have the legal right to do what they are doing. I am wondering if you have any more comments on that and if perhaps you do not think as well that the only appropriate thing for this government to do is to table Bill 67, stop the sale of MTS, and prevent the kind of chaos we could be in if there was what might potentially be an illegal sale.

Mr. Mackling: I believe, Mr. Ashton, you are quite correct. If something can be considered fairly on a reasonable basis to be ethically wrong or morally wrong—and surely taking property and disposing of it without consent constitutes an immorality or an unethical practice—if that is the case, then it ought to be illegal. I believe that a court of equity could set aside this sale. I have yet to find authority for that, but generally in law I have followed the practice if something makes good common sense, if the ethics and the morals are right, then there should be law that says so.

Mr. Chairperson: Thank you very much. Your time is up. Thank you very much for your presentation.

Point of Order

Mr. Ashton: On a point of order. I just want to note for the record that I had many more questions for Mr. Mackling, and once again the time was being imposed by the government preventing detailed questioning on what I think is a very significant point, in this particular case, the legality itself of the sale because I do not think this is a legitimate sale. I think Mr. Mackling raises a very important point that not only the people of Manitoba should be aware of but any potential buyer because, quite frankly, if this is not a legitimate sale, I do not think that the people who might be interested in purchasing shares should rush into purchasing those shares unless they are fully aware of all the potential consequences. Mr. Mackling raises a very excellent point.

* * *

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

I would like to now call Dave Tesarski to come forward and make a presentation. Dave Tesarski? Mr. Tesarski not being present, his name will go to the bottom of the list.

I would like to now call Mr. John Nicol forward to make a presentation. Mr. Nicol, do you have copies for distribution?

Mr. John Nicol (President, Union of Manitoba Municipalities): Yes, I do, thank you very much.

Mr. Chairperson: Thank you. You may proceed.

(Mr. Vice-Chairperson in the Chair)

Mr. Nicol: Thank you. The Union of Manitoba Municipalities appreciates the opportunity to appear before the standing committee considering Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act. We represent 166 municipalities, including all of the 106 R.M.s, 14 LGDs, 23 villages, 20 towns, three cities. The mandate of the UMM is to assist member municipalities in their endeavour to achieve strong and effective local government. To accomplish this goal, our organization acts on behalf of our members to bring about changes, whether through legislation or otherwise, that will enhance the strength and effectiveness of municipalities.

We are here today to state our opposition to Bill 67 and the privatization of the Manitoba Telephone System. When the province announced the privatization of MTS earlier this year, we received a number of resolutions from our member municipalities expressing objections to the province's plans. The resolutions outline concerns about the loss of jobs and the increase in telephone rates which will result from privatization. In less than a month, delegates to the UMM annual convention will debate and discuss another resolution opposing the privatization of MTS.

* (2050)

As we are all aware, MTS has a long and distinguished history of providing affordable quality telecommunication services to rural and northern Manitoba. When MTS was created in 1908, it was the first government-owned telephone system in North America. The province established a Crown corporation in part to ensure that areas outside the city of Winnipeg would receive telephone services which were not being supplied by the private companies in operation at that time.

Providing service to rural Manitoba has never been an easy or a profitable task for Manitoba Telephone System; nevertheless, it has been achieved because as a Crown corporation, MTS has been driven by public policy considerations rather than being solely concerned with profits and bottom-line efficiencies. Rural Manitoba has benefited from the political will of provincial governments to subsidize rural and residential rates with revenues from urban and long distance phone rates.

The province has often cited MTS's \$800 million debt as a reason for selling the company; however, it is important to examine what this debt represents. MTS has incurred this debt because it provided affordable phone rates and made tremendous capital investments across Manitoba. The debt represents crucial initiatives, such as the installation of fibre optic cables, the installation of digital switching and, perhaps most importantly, the conversion of party lines to individual phone lines in rural Manitoba. MTS has spent over \$620 million in the last six years upgrading the rural phone service. It is interesting to note that even with larger populations the private telephone companies in B.C., Ontario and Quebec have not extended individual line service to all areas of those provinces.

Most recently, MTS, along with the City of Brandon, played a vital role in the establishment of an enhanced 911 emergency response system for rural Manitoba. In fact, MTS is currently spending \$2.5 million to purchase and install network-related equipment and activate new computer systems to facilitate the operation of the emergency service system. The 911 service was only viable following the installation of private lines. We believe it is impossible to measure the social and economic benefits which rural Manitoba has gained through these initiatives. Clearly, the current and previous provincial governments also recognized the importance of these programs for rural Manitobans when they authorized their implementation.

Over the years, the UMM has been able to discuss a range of other significant issues with the MTS executive and the Minister responsible for MTS. For instance, the UMM and other organizations were participants when MTS held the first public hearings in Canada on call management features such as call display and call trace. In the last few years, MTS has instituted annual meetings with our board of directors, during which time we have discussed the destruction and replacement of survey monuments, the placement of MTS cable, cellular phone service in rural Manitoba, and grants in lieu of taxes. Many of these matters have been successively addressed because, as a Crown corporation, MTS has a public interest in working with municipal government. It is difficult to imagine that a privately owned company

would have had the same incentive to pursue these public policy issues.

At the same time that MTS has been maintaining low rates, providing quality services and programs, it has proven itself to be competitive in a rapidly changing telecommunication industry. According to the corporation's '95 annual report, MTS had net earnings of \$15 million and was also able to reduce its outstanding debt. In the first quarter of '96, MTS made a profit of \$9 million. In addition, the corporation has been able to maintain its customer base in the long distance market despite the increased competition in this area. The minister himself had recently stated that, by keeping 80 percent of long distance revenues, MTS has one of the better records across Canada.

We acknowledge that through Bill 67, the province has provided short-term protection for Manitobans through the issuance of a special share to the Crown. This will ensure that the company's head office stays in Manitoba; that Manitobans have a majority of seats on the board, and that the company cannot dissolve or dispose of a substantial part of its property. However, as soon as the new company pays off the debt owed to the province, the special share is surrendered, and the protective provisions are all repealed. The control of the company, which provides such an essential service, could then be taken away from Manitobans.

In conclusion, it is clear Manitoba currently has a competitive telecommunications company that has provided universal quality services at affordable rates. MTS has over \$1 billion in assets, contributes \$450 million annually to the provincial economy, and employs 4,000 Manitobans. All these benefits will be jeopardized when the company is privatized.

In the most recent MTS annual report, Chairman Tom Stefanson stated that in its operation MTS recognizes its obligations as a provincial Crown corporation. Mr. Stefanson wrote: We are the caretakers of a major provincial asset, its communication infrastructure, which is strategic to the economic and social development of all Manitobans.

The UMM strongly agrees with this statement, and we therefore urge the provincial government to maintain MTS as a Crown corporation.

Gentlemen, I would thank you very much for the opportunity to express our concerns on this crucial issue. Thank you, Mr. Chairman. [applause]

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

Mr. Nicol: I do not feel comfortable with that, if you do not mind.

Mr. Vice-Chairperson: Thank you, and maybe we could ask the indulgence of the people in the audience to refrain from applauding.

Mr. Sale: Why mind, Mr. Chairperson? I think that you will only increase the temperature of these hearings if you try to keep people from increasingly showing their support for those positions taken by people as knowledgeable and experienced in public policy as the Union of Manitoba Municipalities. [applause]

It seems to me that this is the government level closest—

Mr. Vice-Chairperson: Order, please.

Mr. Sale: This is the government level closest to the people, and it seems to me that if they are clear that this is a bad policy, then the government indeed is running counter to the interests of Manitobans who understand the importance of these services.

Mr. Vice-Chairperson: Order. Mr. Sale, do you have a question for Mr. Nicol?

Point of Order

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

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

Mr. Ashton: I realize that you are in a difficult position in having become the Acting Chair, but I notice the previous Chairperson was not attempting to state water was not a legitimate question. Usually we have a fair amount of leeway. We have only got five minutes, and I would suggest perhaps that we allow some leeway to members of the committee and members of the public. I think we were doing fairly well before.

Mr. Vice-Chairperson: I am only asking Mr. Sale if he has a question for Mr. Nicol.

* * *

Mr. Vice-Chairperson: If you do, Mr. Sale, would you please present your question to Mr. Nicol? Thank you.

Mr. Sale: I am contexting my question as every other questioner has done, including those on the government side, and I will continue to do that. Mr. Nicol has indicated his organization's opposition. I was struck by his point on page 2 that \$620 million of this \$830 million debt that seems to be so crippling was only incurred in the last six years according to your presentation. It was incurred in order to make single-line service a quality service available to rural Manitobans. Do you think that was an inappropriate expenditure on the part of MTS, Mr. Nicol?

Mr. Nicol: No, I certainly do not think it was inappropriate. Rural Manitoba needed single-line service. One of the examples that we gave was 911, which requires single-line services in order to have it. We had the opportunity to speak with MTS and with the minister at the time to speak about that, and we agreed on that.

Mr. Ashton: I want to stress the significance of your brief because I know many rural municipalities have passed motions opposing it. The UMM does speak for many municipalities, the rural municipalities, LGDs, villages and towns and the three cities you reference.

I also want to ask a question on rural phone service because this is one of the big concerns we have. The government just put out this document, which said, well, we are no longer in the days of party-line service. From my understanding of the brief, you are confirming the fact that in provinces that do not have publicly owned phone companies, privately owned phone companies in provinces like B.C., Ontario and Quebec, many of those people in rural areas still do not have the kind of party-line service that we have because of the kind of investment that you and Mr. Sale just referenced a few minutes ago.

Mr. Nicol: That is our understanding of it, sir.

Mr. Ashton: I am wondering, too, in terms of process, because I know we had some discussion earlier in this

committee about going to rural Manitobans directly in terms of the hearing. I have received by the way some resolutions from a number of rural municipalities supporting the idea of having a direct vote on this, a shareholders' vote. I am wondering if there has been any discussion on that yet at UMM. If not, perhaps whether it will be one of the issues that will be discussed because one of the concerns we have obviously on the opposition side is to make sure that whatever decision is made about MTS reflects the will of the people of Manitoba.

* (2100)

Mr. Nicol: We have not discussed it at the board level, sir.

Mr. Ashton: I am just wondering, in terms of the very clear position from UMM, if you have communicated this to the minister and any other members of the government and if there has been any response from the minister or members of the government.

Mr. Nicol: I personally have not had the opportunity to go to any great lengths with each and every cabinet minister, but my member of the Legislature is Mr. Findlay and we have talked. We have differences of opinion on a lot of things, both in the municipality and in the province. We have discussed it. I am not an MLA; I am just a lowly reeve. So that is part of Mr. Findlay's decision.

Mr. Ashton: I do not think anyone is lowly and certainly not yourself, and when you speak on behalf of the UMM, it certainly has to have some impact, I think, on this decision-making process.

I also want to ask too if you are aware that the Manitoba Association of Urban Municipalities has passed a resolution that is also on record opposing the sale.

Mr. Nicol: I have no idea what the urban association is doing now.

Mr. Ashton: Perhaps I will just leave that as information, but also I just want to ask you if you can once again give the members of the public, particularly in the city of Winnipeg, some idea of whom the UMM represents, because you reference the large number of

municipalities, but is not the UMM basically the voice for rural communities in Manitoba on a whole series of issues, including on MTS?

Mr. Nicol: We do, we represent all rural municipalities, the majority of local government districts, but we also represent 23 villages, 20 towns and three of the cities, Brandon, Thompson and—

An Honourable Member: Portage la Prairie.

Mr. Nicol: Portage la Prairie, yes. Thank you very much.

Mr. Vice-Chairperson: Mr. Ashton, with one more question.

Mr. Ashton: Actually I just wanted to thank the presenter on behalf of the UMM, and I do know that the UMM is speaking out for many rural Manitobans when he says and the UMM recommends that this bill not go through. I want to thank the presenter very much.

Mr. Nicol: Thank you.

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

I call on JoAnne Hamilton. JoAnne Hamilton. JoAnne Hamilton.

Okay, we will call the next person on the list, Ron Rudiak. Do you have written presentations for distribution?

Mr. Ron Rudiak (Private Citizen): Yes, Mr. Chairman, I do.

Mr. Vice-Chairperson: Okay. You may proceed.

Mr. Rudiak: I am here to express my displeasure with the government of Manitoba regarding Bill 67, authorizing the sale and privatization of the Manitoba Telephone System. Manitobans have been betrayed. Many times we were told by this Conservative government that they had no plans to privatize MTS, and I am glad I did not bet the farm on those statements.

Bill 67 outlines how privatization will proceed, and hidden within the agenda we find that our pension is being manipulated away from the CSSB. The words in

15(8) read: "The persons described in subsection (2) are deemed to consent (a) to termination of their participation in the fund; (b) to the assignment and transfer of assets, liabilities and agreements from the fund to the new plan; (c) to the determination of all rights under the new plan without reference to The Civil Service Superannuation Act, the fund, or any trust or trust agreement relating to them; and (d) to termination of their participation in the group insurance plan established under The Public Servants Insurance Act and to the assignment and transfer of monies and investments, liabilities and agreements related to such group insurance plan."

I would like to say for the record that I do not consent to any changes which would allow MTS to administer my pension. In its annual report to the Legislature, the Crown Corporations Council stated that MTS has a high business risk with a negative risk trend because of industry uncertainty and its high debt-to-equity ratio. With release of this report, the Minister of Finance Eric Stefanson said that he recognized the financial problems facing MTS and saw the need for something dramatic to be done. One can only speculate what dramatic thing the minister has in mind, and surely no present or future MTS pensioner would want to become a part of it. A privatized MTS may sell off any or all of its assets. Each division will be entitled to part of the MTS pension plan, and any portion which is removed will cease to be a part of the plan. As the pension fund becomes fragmented, benefits could decrease or cease entirely. As a private company, MTS would be free to sell, lease or dispose of all or substantially all of its property, cease to carry on business, or be dissolved or liquidated and dissolved under the corporation's act or otherwise.

MTS employees need no reassurance when they contribute to the Civil Service Superannuation Board. It is not a controversial issue. The CSSB pension plan is well funded and managed and has earned the well-deserved confidence of contributors.

In 1985, the federal government passed the pension benefits standards act to ensure full funding of pension obligations. The money, approximately \$350 million, is presently owing to the CSSB to clear up MTS's unfunded liability. This Filmon government has formulated legislation to allow manipulation of the pensioners' and employees' money away from the CSSB and will allow MTS to manage/mismanage our funds.

We have not been consulted on these matters nor given an equal opportunity to make any changes or deny any changes to the existing plan. Without meaningful dialogue the motives of this government and MTS are suspect. Thank you.

Mr. Vice-Chairperson: Thank you.

Mr. Ashton: I would like to thank Mr. Rudiak for his presentation. I should say to the members of committee, we have had the opportunity to talk already, and I know you very kindly sent me some material that spoke, I know, certainly for your own concerns. I raise the issue in the House, and the minister—I hate to paraphrase him—basically said, do not worry, trust me, there are not many concerns, and MTS pensioners who have looked at this situation do not have this concern. I am just wondering what your sense is, not only of your own concern but of other people or retired MTS employees. Are they concerned about the future of the pension plan?

* (2110)

Mr. Rudiak: I have talked to probably close to 100 retirees. I have talked to many present employees in various offices within the province of Manitoba, and I have not found one person that supported Bill 67 of all those people. Some people were not aware of the drastic implications of a privatized telephone system. The part where the telephone company could be sold off and not even belong to a Manitoba company, a lot of people are not aware of that. The time frame was so short for Bill 67 that really nobody had much preparation time, and I would have to say thankfully that there were some people that did take the time, like the NDP party and the Liberals. They had the time to look at it or they made time to look at it, and they made some of us aware of some of these serious consequences of what is going to happen.

Mr. Ashton: I am wondering, too, because you are from the Steinbach area, if you could outline if there is a lot of call for this in your area of the province, and it is interesting we just follow the UMM, which represents rural municipalities and which is opposed to the sale. I am just wondering what the view is of the people you are talking to in your own community, in the Steinbach area.

Mr. Rudiak: Here again, it is a similar situation to the employees of Manitoba Telephone System where I have

been in contact with many private citizens, including business people in the town of Steinbach, and a lot of them are very concerned about the privatization of the Manitoba Telephones. When they find out that their bills are going to increase dramatically, then they are not in favour of it at all. However, what happens is MTS in that area sent out the flyer, the two-page little piece of paper that was supposed to explain how the rates would be controlled by CRTC, and what I found was that in the post office where people have boxes that a lot of that stuff stayed in the boxes. It was not read, unfortunately, because I am sure, people if they did read it and thought about it for a little bit, I am sure they would have the same questions that the rest of us have.

Mr. Ashton: I appreciate that perspective because, once again, I have been all over rural Manitoba and I have had a tough time finding anyone that supports selling off MTS. I want to focus in on what you are saying here again too in terms of pensioners, people are receiving what—1,300, I think approximately, people receiving pensions, and when you quote the words here which says: “The persons described in subsection (2) are deemed to consent (a) to termination of their participation in the fund.”

I want to ask you, did the government before it tabled this legislation ask you for your consent; and, if they had asked you for your consent, what would have been your answer to Mr. Findlay and Mr. Filmon and the government?

Mr. Rudiak: Mr. Ashton, I have never been asked by anybody to give consent to this portion of the bill. I believe that it was put in there to hide within this agenda the fact that our pensions could be at risk.

Mr. Vice-Chairperson: Mr. Ashton, with one more question.

Mr. Ashton: One final question. Once again your representative in the Legislature is a member of the government side, and I mentioned before it would only take two members, only two members to vote the other way, to stop this bill. I am wondering what you would say if you had the opportunity to talk to your member of the Legislature about Bill 67, whether it be in regard to the pension or the overall sale of MTS, what would you say to him to try and convince him to vote with the many

people you are saying in Steinbach, who are saying that we should not sell off MTS?

Mr. Rudiak: I would probably reiterate some of the things that we talked about here that people really are not aware of the implications, and I would explain to him that I have not found any employee yet who has been in favour of this. I have talked to several people in the town of Steinbach who really could not make a decision one way or the other, but, by and large, everybody I have talked to is not in favour of privatization. I am surprised that this is continuing in the province of Manitoba in many, many jurisdictions and that this Conservative government is not aware of it or does not seem to want to be aware of it. I find it incredible, you know.

Mr. Vice-Chairperson: Thank you, Mr. Rudiak, for your presentation. Good night.

The committee calls Mr. William Sharpe. Do you have copies of your presentation for the committee, Mr. Sharpe?

Mr. William Sharpe (Private Citizen): Yes, I do.

Mr. Vice-Chairperson: Okay. You may proceed, Mr. Sharpe.

Mr. Sharpe: Thank you. I am speaking for retired employees as well. We are looking at a pension fund that is about to dissolve and be given to the Manitoba Telephone System to manage the best way they can. We have a government body that is looking after our pensions right now. We have utmost trust in it, and I see no reason to take it away from them. My presentation then is more about the pensioners who are going to be shortchanged here.

The Manitoba government of Mr. Filmon regarding the MTS pension plan. The MTS pension plan is controlled and held by the Manitoba provincial government Civil Service Superannuation Board. We the pensioners of Steinbach area respect and trust this arrangement. We have accepted it and see no reason to take the money to pay our pensions away from them. They are doing a good job, and they could still do a good job under privatization. We do not know or trust our money in the hands of the appointed people who are trying to move in on our pension money, which may be the basic cause for the move they are doing.

We have various types of pensions when we leave there. Some of them are predisposed. My particular pension is a 15-year guarantee which can be tallied out in 15 years totally to an amount of money that should be mine if they do mess with the pension fund. It comes to \$128,056.80. If I live beyond 80 years of age, it continues ongoing till I die. Since all the money in the present fund now has all been donated, I understand, by the company and is fully in the pension fund and is only payable to the pensioner, therefore, no one else has any permission to take or use this money. I understand it comes to about \$700 million. This is quite a sales gimmick for those who want to buy this portion of the company. I know it will have to be divided up among the various parts and pieces they sell away, but this is a lot, and a big selling point for them.

All pensioners, employees and citizens should receive their pension value in shares of the newly formed Manitoba Telephone System. This is not going to happen, I know, but in our wishful thinking we would like to have some guarantee that we are going to get a pension to continue on into this new company era. I think that is about all I have to say.

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

Mr. Ashton: I wanted to thank the presenter. I am just wondering if you could give the committee some indication of how long you worked for MTS.

Mr. Sharpe: I worked there 25 years and then I retired. I have been retired five more.

Mr. Ashton: Was there ever any question in your mind when you worked for MTS that your pension plan would ever, at any time, be put into this type of situation? When you worked there you received a guarantee basically from the employer that you would be getting a pension fund under the Civil Service Superannuation. Was there any doubt in your mind that that was ever going to be changed?

Mr. Chairperson: Mr. Sharpe. Mr. Sharpe.

Mr. Sharpe: Yes, I heard you. When we worked for the company, we did not receive the pension as part of our daily pay—and we expect it to be there at the end—and it

never struck me that it might not be there until this new buyout has come to hit us in the face.

Mr. Ashton: Well, I am wondering if you do not think that the government has a moral and legal obligation to continue the existing pension plan. Do you think they have any right to do anything other than what you are suggesting, which is keep the same—

Mr. Sharpe: No, there is absolutely no right.

* (2120)

Mr. Vice-Chairperson: Mr. Sharpe. I am just identifying you for the benefit of Hansard, Mr. Sharpe.

Mr. Ashton: I believe that the presenters today think the government has absolutely no right to make this kind of decision, and I believe Mr. Sale has a question. By the way, I would like to thank the presenter, and I notice you are from Steinbach area as well.

Mr. Sale: Mr. Chairperson, I wonder, sir, if you are aware of the sad history of the CN Route company which was privatized to a trucking arm of CN which was privatized, and the pension fund was looted by the new private owners. All of the employees who thought they had secure pensions found they had not only no secure pensions but no assets left in the company and were left with huge amount of wages owing. Are you familiar with that large bankruptcy?

Mr. Sharpe: No, I was not familiar with that, but I have heard before about it, though I am not familiar with the actual come and go, because I was not thinking about it at the time. I will be looking for those things in the future, though.

Mr. Sale: Would it be your position that, at the very least, if the government insists on ramming through this privatization that they should split the pension plan so that those who are now in receipt of pensions would at least see their assets and their guarantees continued and that existing employees and future employees might suffer some other fate, but at least those who have served the province faithfully—well, who have done their work and contributed—would have the guarantees they were promised by splitting out the plan and the actuarially calculated assets to which they are entitled?

Mr. Sharpe: Yes, I think it would be nice to separate out those who had money coming and pay them if they are going to divide the money up. If they are going to divide the company up and sell it, they are definitely going to have to divide up the pension plan and the money in it. I would like to get some reassurance that we that are already retired will receive ours.

Mr. Vice-Chairperson: Thank you, Mr. Sharpe, for your presentation. Mr. Eduard Hiebert. Do you have a copy of your presentation?

Mr. Eduard Hiebert (Private Citizen): I have it but they are in the process of duplicating it right now. Can we just go with the next one, and I will go right behind him then?

Mr. Vice-Chairperson: Is that agreed? [agreed] Thank you, Mr. Hiebert. Mr. B. E. George, B. E. George? B. E. George. Thank you, Mr. George will drop to the bottom of the list. Mr. Ross Martin. Mr. Martin, do you have copies of your presentation for the committee?

Mr. Ross Martin (President, Brandon & District Labour Council, CLC): Yes, I do.

Mr. Vice-Chairperson: You may proceed with your presentation, Mr. Martin.

Mr. Martin: Mr. Chairperson and members of the committee, I would just like to mention that the weather is not very nice out tonight, and I do thank you for moving those of us from rural areas up. We had two other people that were going to come, Mr. Ron Teeple, who was going to make a presentation—unfortunately, he could not come with me because my employer wants me somewhere else tomorrow morning—and Evelyn Findlay, a retired MTS member, who also would have wanted to come and make a presentation. Neither can make it because this committee will not travel out to the rural areas.

The Brandon and District Labour Council represents approximately 4,500 members from 25 affiliated local unions, including the CEP Locals at MTS. We have been involved in the Brandon Save Our Telephone System Committee since its inception.

Since 1908, the owners and the customers of the Manitoba Telephone System have been the same people,

the people of Manitoba. We already own MTS, so why should we pay for it again? Yet Bill 67 will transfer ownership from the people of Manitoba to private shareholders without the people having any say. We fail to understand why this government is so intent on giving away the Manitoba Telephone System since all their arguments can be easily dismissed. We can only come to the conclusion that the sale is based on ideological reasons rather than on common sense. We also believe that there has been a conspiracy by the Progressive Conservatives to give away Manitobans' MTS assets at the lowest possible price. Not even Mr. Findlay is so incompetent to sell the cable system worth \$63 million for only \$11.5 million. Other reasons had to be dominant, especially when MTS was making a profit of \$1.9 million and revenues of \$5.8 million, especially when every other telephone system is trying to acquire cable systems. This was a sellout of the most treacherous kind.

The second sellout was the telemarketing. Faneuil ISG received a \$47 million contract with MTS, but this was very suspicious due to the apparent interference by Mike Bessey, the Premier's (Mr. Filmon's) friend. Bessey also had a personal financial involvement of \$400,000 with an officer of Faneuil. In addition, Manitoba's senior servant, Charles Feaver, left to become a senior executive of Faneuil.

But the biggest deception is the sale. The minister, in the most cowardly fashion, refused to take this legislation to the people of Manitoba. He refused to hold public informational meetings with the people who own MTS. He refused to defend this legislation with his peers, relying instead on the Tory majority in the Legislature, hoping that no one would know what he and his gang were up to.

Now, to sweeten the pot, the government has announced that it will pay off one-half the debt, approximately \$400 million. That is \$400 for every man, woman and child in this province. Not only is he swindling the people out of their telephone system, he is charging them for it and then selling them shares on top of it. What a traitorous act. It is the same as having a house with half a mortgage, selling the house but keeping the mortgage. It is stupid, and it is shameful.

Consider the following. MTS has the second-lowest residential rates in North America. MTS employs 3,700

people. I believe they have laid off about 300, all in Manitoba. Controlled by a private company could mean the transfer of these jobs and profits to anywhere in North America seriously impacting Manitoba businesses. MTS as a publicly-owned company has a mandate to provide the best phone service at the lowest rates to all Manitobans. Its policy has been to keep residential rates low so that each household can afford phone service. The more residents spend on telephone service the less they spend on other goods and services.

Bill 67 does not guarantee that Manitobans will continue to own MTS. It is so ambiguous that foreign ownership is probable. When Alberta privatized AGT, it was to be held by Albertans. Only 10 percent could afford shares, meaning that 90 percent of the population gave their company, their ownership, to the richest 10 percent. Now AGT is traded on the Toronto Stock Exchange. At the same time, Albertans pay 34 percent more than Manitobans for basic phone service. AGT just applied for another \$6 per month increase. The CRTC does not provide the protection that Mr. Findlay claims, and he knows that he is lying about it.

Mr. Glen Findlay, Minister responsible for MTS, has indicated that MTS needs millions of dollars to improve the technology. MTS bonds could be issued to raise capital, the same as the highly successful HydroBonds, or Mr. Findlay could give the \$400 million that he is writing off, to MTS to buy new equipment. Mr. Findlay said that the debt load is too high, yet it is Mr. Findlay and his government that spent \$600 million to provide individual phone service to all Manitobans. Now we have access to enhanced 911 emergency service. Neither Ontario Bell nor Quebec Bell, both private companies, provide this level of service.

MTS is not only paying all its debts but it is also making a profit which is reinvested back into the system, improving service to Manitobans. Mr. Findlay has stated that MTS is burdened with government interference, therefore cannot make timely decisions to counteract other private telephone company decisions. Mr. Findlay and his government have had eight years to correct this problem. Perhaps Mr. Findlay is lying. It took only three days to sell MTS. What could be quicker than that? Perhaps it is Mr. Findlay that needs changing.

* (2130)

Another government scam appears to be the pension changes. Employees, retirees have been denied half the seats on the board. The issue of surpluses has not been addressed nor have improvements. Federal regulations do not guarantee pensions. They only give a framework to govern the pensions. And why do MTS shareholders have to pay \$400,000 for Tory propaganda right here? MTS has not been sold. Yet, under the MTS logo, a double-sided sheet of Tory lies and half-truths has been delivered to every Manitoban household, and under the signature, I might add, of Mr. Fraser. Since when did he get elected to be a political hack?

We strongly oppose our money being used for your propaganda machine. We strongly object to this elite Tory advertising without any consent from the current shareholders. This is the same government that is passing labour legislation next door under Bill 26 that requires every person represented by a union to be contacted prior to any advertising. Does this government not believe in its own legislation? Is this a crooked government intent on lying to Manitobans? MTS is ours. It provides decent-paying jobs—

Mr. Vice-Chairperson: Two minutes.

Mr. Martin: Thank you—and competitive service. Its privatization will seriously impact residential customers, small businesses, nonprofit organizations, people on fixed incomes, seniors, the disabled, Internet users and those who live in remote or rural areas. We cannot afford privatization. We cannot afford Tories. Thank you.

Mr. Ashton: Mr. Vice-Chairperson, I want to thank Mr. Martin for his presentation. I want to focus in on Westman, as you indicated, since we are not able to go to Brandon and western Manitoba to have hearings because of the government's refusal to allow that. I wonder if we could sort of transplant ourselves to Brandon for a moment and if you can perhaps outline what has been happening in Brandon and Westman. You mentioned about the Save Our Telephone System committee, you mentioned some of the things people are talking about. What are people saying in Brandon and Westman about what this government is doing to our phone system?

Mr. Martin: Basically, the people are opposed to it right across. Very, very few people have wanted anything to do with it. We have delivered pamphlets throughout

the rural area in places such as Souris, Virden, Deloraine, Boissevain, Glenboro. The people we have come across did realize that MTS was being sold, and they wanted to know whom it was being sold to, why were they selling it. Quite frankly, there has been a blackout of information. The members representing those ridings, I believe, have deliberately kept this information away from the members in those ridings, the people that elected them, in the hopes that no would mention it and they could pass this ridiculous legislation.

Mr. Ashton: Well, there are a lot of the government MLAs—I mean, apart from the island of sanity in Brandon East with Len Evans, they are all Conservative members in southwest Manitoba. I am just wondering, have any of them had a public meeting on the issue of MTS?

Mr. Martin: None that I am aware of. I believe they are too scared to let the people know what they are doing.

Mr. Ashton: So this government, which campaigned in the election on not selling MTS, in Westman has not had a single public meeting to solicit the opinion of the residents of Westman, the people they supposedly represent in the Legislature.

Mr. Martin: There is none that I am aware of, and I have written to Mr. Findlay asking him for public meetings; Mr. Findlay did not even have the courtesy to send a letter back.

Mr. Ashton: Well, it is interesting, too, because he also wrote to you a letter and a lot of other people I know, sent copies of a letter which stated—and I referenced this earlier—that contrary to some reports, no decisions have been made or will be made about the privatization of MTS without public discussion. That was on March 1, 1996. On April 30, they decided—well, two days after they received the report from the investment bankers—to sell it off.

Now you have Mr. Findlay sitting here, after you received this letter, I am wondering what you would like to say to Mr. Findlay about his statement that there would be public discussion of MTS, when in fact no such thing happened and they made the decision based on the investment bankers without any input from the public.

Mr. Martin: I believe Mr. Findlay was playing very fast and loose with the truth, and I believe this plan was part

of the government's plan for a considerable amount of time. I have already indicated that in my brief, in that they were selling off cable, the profitable centres such as cable, the telemarketing, in the hopes that MTS would lose its customer base and they could sell it to their friends for absolutely nothing.

So I do not believe that this decision was made after March 1. I think it was made probably sometime a couple of years ago, and the date, whatever the date may be, April 1 or whatever, that date, that is when they actually made the announcement. The decision was made long before that.

Mr. Ashton: I am wondering too, and a lot of people have talked about all of us being shareholders of MTS, and given the fact the government obviously did not tell the truth about what their plans were with MTS in the election, whether you feel they have any moral, ethical, political—I am trying to think of any right—other than the fact that they have a majority government and can ram it through if they can persuade their members to support it. Do they have any right to sell off the Manitoba Telephone System?

Mr. Martin: The only right that I believe that they have is a legislative dictatorship. Basically this is my company. I pay my telephone bills. In fact, I pay two of them now. Everybody in this room who has a telephone pays a bill, and they all own it. I am the owner of it; I am one of the owners. Every person who has a telephone in this whole province has ownership in it. It is theirs, and I do not believe that they have been asked whether or not to sell it. If you tried to pull this off with a private corporation, they would string you up. I do not see why they should be allowed to do it with a public corporation and one that happens to be one of the most successful probably in North America. I think it is a criminal activity, certainly no moral grounds or ethical, and they ought to be ashamed of themselves.

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

I call Mr. Eduard Hiebert. You may proceed, Mr. Hiebert.

Mr. Hiebert: Thank you. The focus of my presentation will be on two parts, the detail and also the process. I will, however, not spend a lot of time on the detail.

If you go with me, on the first page of the handout, there are some 43 names I believe from the Lunder area who are requesting that this committee go to Lunder and give them the opportunity to talk with them as well. If you then go to page 3—I guess I do not have the attention of everyone here but I will go ahead anyway. I am not sure why. Is the time still running while you are not listening?

An Honourable Member: Yes.

Mr. Hiebert: Okay. On page 3, there is a document which I have prepared which talks about the Canadian Wheat Board, the benefits of it and by way of parallel gives you the example of why people, for example, want to get rid of the Canadian Wheat Board. That it is really the same bunch of people who are trying to get rid of the MTS as well. I will not get into the details of that.

Then on page 8 is the infamous ad that you people had MTS tell us the news for the future. You are getting two pieces of handouts. Unfortunately, the rear side was not part of your initial one. That was something I forgot to mention to the person copying, my mistake. But I simply want to indicate to you that—and I will just back up a little bit—many of you know that I was before the PUB representing rural people. Through that, we ended up accomplishing I think an improvement in rural service such as the elimination of party lines and access to all of our neighbours. Within that context, I certainly have gotten a lot of information as to what is good information within the PUB, and when I look at this letter that you people had the CEO of MTS write, there is very little in there that has any factual value. I dare any of you to try and say that that statement is false to me on the basis of good quality information, because this is absolutely a horrendous piece of information as far as misinformation.

* (2140)

(Mr. Chairperson in the Chair)

One important element that is missing from this information that you are passing on to everybody telling them what it is about, this information and the one you did with the Health minister is exactly the same thing. You are telling us all kinds of good stuff, but nothing in there says that these hearings, for example, are coming up. Nothing in either one of these documents says, hey,

people, if you really have some concerns, here is an opportunity. The whole thing basically says, as this one—it concludes: Full details are expected to be available to Manitobans in early November. Guess what? By that time it is like a mousetrap. It is set; it is finished. They cannot do anything.

Without going into any of the legal stuff, and I mean despite my participation before the PUB, I believe there are a number of areas in which this legislation is going to be subject to legal challenges because it is flawed. The process is flawed. It will not stand up in court as far as being able to justify that due process was taken. Enough of that, though.

On page 9, I give for your information a little bit more, just a few of the counterpoints to the ad we just finished speaking about. Then I address you—this is on page 9 of my brief on the bottom two paragraphs. I want to bring it into the public record over here. Many people, including Mr. Penner, certainly know that at the time when I brought forward the purple fuel issue and I also brought forward the telephone issue, it was the other government that was in power at the time. I was already a member of the NDP at that time, but Jack certainly knows very clearly that I embarrassed both Schroeder and Doer into doing that what they should have done. I will be leading up to that point as far as yourselves here, as well. Just hang onto that thought, though, for a little later. I just simply say, it is there.

Now I would like to turn over to process, on page 11. I was already before the committee of 49 on the regionalization of health. I believe I came there in good spirit; I gave the information. I only came there on the basis of what I had heard in the news, that it was going on. I had not known about it beforehand. I came there; I made my presentation. Someone obviously liked it. I was in a rush. I was a rural person. When I was going home to do some more farm activities, this person went out with me. We had a bit of a chat, and one of the members of that committee, one such as yourselves here, came out, and if you refer to page 12 and the top of the paragraph, he first made kind of a—I think an unwelcomed approach to the lady. Having gotten our attention, he then very rudely and stridently indicated to me that he now knew where I stood and that was all he needed to know. It so happened that this person was a part of a

union. I did not know that at the time. I put that on the record.

I also put this letter on the record. This was a letter that I sent to the Chair of that, by the way, which I have not received any response so far. I think it is absolutely uncalled for when people in your situation are making basically judicial types of decisions and to have such blatant bias being exercised by one of their members in that other committee and that the Chair does not even have the audacity so far to acknowledge that letter to me, never mind doing anything about it. I think this is further reason that this type of hearing will not stand up in court if this gets challenged. You need to have due process, not just simply walking through the motions.

Dealing a little bit further with the process, on page 13 I give you a piece of—it is part of the press. You certainly get very favourable reporting on it. It is very different as to when you start analyzing the truth of it. However, I would like to focus in on just the last paragraph. It ends up indicating and saying: “Premier Gary Filmon plans to conduct a major shuffle”—and by the way this is after they have talked about this particular plan, the privatization, et cetera, and there are going to be a lot of howls. But, anyhow, he then concludes and says: “Premier Gary Filmon plans to conduct a major cabinet shuffle soon after the session ends in early November. Any Minister who under-performs during the current session”—and I like to stress that—“any Minister who under-performs during the current session will likely be warming a Government back-bench”

I mean, this is the good spin that they are putting on to it, but this is also the reason why Jack Penner lost his cabinet seat. This is also the reason why my own minister, Harry Enns, was not part of cabinet. They dared for a moment to speak their mind, and they got treated in a very punitive manner because of it. This has put a good spin on it, but the reality is that is what is happening.

I want to use this as a lead-in to something that I want to give you a bit of advice. Recognize that it is coming from an NDP member, but, on the other hand, I also stand firmly on the ground that when the NDP have failed I embarrassed them into action. I believe in that. I also ask the same of you people. I believe honestly, for example, at the federal level it is not good for Canada

that we have had this route since Mulroney. I mean, I absolutely could not understand we went into the second term of him. However, the point is this. No matter how bad he was, there was, I think, a lot of good, dedicated—

Mr. Chairperson: Two minutes.

Mr. Hiebert: —good, dedicated people who wanted to serve on behalf of Canadians within the tradition of the Conservative party, and I think there is some good tradition within that. Yet they got bounced out, and they got bounced heavily. One example of that is Felix Holtmann. He was my MP. At the time when they went up for election when Kim Campbell was the leader, no one within the Conservative Party would have dared stand against him. However, now that he has been out one term, he tried to come in again, and he was beat by someone whom I have never even heard of before.

The very point that I am making to you people, those of you who really want to continue to serve, you need to keep your eye on what is currently having to be done, but you also need to look at the practicality of the future. I suggest to you it is going to be—despite my own political orientation, it will be a bad day if a lot of you lose because a lot of the people, once they really find out the thing that you fast-tracked, how negative it is for them, you will get a few calls that I think that you will be surprised with. Maybe they will not have the audacity to tell you to your face, but they certainly will tell you when they are in the little box making the next election. I remind you of that.

Maybe just to conclude my last point, if you then go to page 14, I simply share with you, I think, a summary statement of the kind of threat, I think, that you people are under. I hope you recognize it and that you have the strength and the good will to recognize and say simply: Look, I am sorry, Mr. Filmon; you probably will not run again. I do not think your friendship just for the next two years or three years is worth so much that putting at risk the very good things I want to do in many years for now as well.

Thank you. I am now open for questions if you have any.

Mr. Chairperson: Thank you very much.

Mr. Ashton: I would like to thank the presenter. I do know that he has been very involved in terms of presentations on telecommunications issues. I attended the recent CRTC hearings here in Winnipeg, and I know Mr. Hiebert was there. So he has, I think, been very accurate in describing the fact that he does have some knowledge in this area.

I just want to ask one quick question on the names from Lundar, which, as you mention, is in Lakeside constituency. The sense I am getting across rural Manitoba, there is a cross section of people from all different political persuasions who are saying they do not want MTS sold off. The 43 people here and the people in Lundar, and you are from St. Francois Xavier as well, what are people saying? I mean, is it only the NDPers or people from different political persuasions concerned about this?

Mr. Hiebert: Well, clearly many of the NDP are against it. Many of the Liberals are against it, but I have also certainly talked with a number of Conservatives, including some prominent Conservatives, as far as prominent, well-known to you, who have assured me that they are very much against this. There is one even closer into the Brandon area. I gave him a call. I mean, as far as my own participation, he could support it. He agreed with it; however, because of his own political persuasion with the SOS people in Brandon, I guess, because of the union affiliation, he could not. But I certainly want to stress I think it is very widespread.

If I may add a further point as to the process. Just before coming here, and I did not have an opportunity to put it into the report, but just as I was coming, someone called me to advise that a broker had called to say that MTS will be on sale, and only for 10 days will Manitobans have the exclusive chance; thereafter, it will be opened. I suggest that is another aspect that needs to be on the public record that—without repeating what I said before as how you have fast-tracked a number of things, here is another example of how you are prejudging the situation just as the letter with Newman. It is being prejudged, and, to a large extent, we are simply making a bit of a farce out of this thing here. I want to do this in good faith, but please recognize this is a bit of a farce.

* (2150)

Mr. Ashton: I appreciate your point because this MTS Answers document that you and other presenters have referenced, what I find the most offensive about this is the very fact that they are using MTS right now to promote the government's position on the sale when the sale has not been approved by the Manitoba Legislature. The first vote by the way took place on Monday when the second reading took place. I am wondering if you have any comment on the legitimacy of the process. We have heard a lot of people tonight say that it is wrong to sell it, a lot of people saying, we are the shareholders, the people of Manitoba. What is your view of the process they are following?

Mr. Hiebert: I already tried to get a bible in this building because I forgot mine. It is unbelievable, the people searched, and they could not find any. However, I would like to make reference to Luke 16, which talks about a rich man hiring a CEO, conducting a business, and this CEO is a bit of a crumb. He kind of gets notice that he is going to get fired, so what he does is he basically goes to one of the people who owes his boss a lot of money and says, hey, instead of paying your 100 bushels of this, only give him back 50 and goes through the list, and at the end of the story, I think many of you know this story, the rich man ends up saying, he really commends this guy because the people of darkness really know their pitch an awful lot better than the other people.

I allude that back to the question that you were asking here as to this particular document. I think, to a large extent, we can either call this government acting like a bit of a pimp in relationship to the people over there. This may be strong language, but it is dead on because some of the people over there, when they spoke up in the last election, I understand, in one union alone, over 140 people of them got laid off permanently. I do not think that much of the people, from Marilyn Edwards in Brandon to Madam Funk in Steinbach to even Mr. Fraser, that what they are saying there, that they said that necessarily of their own free will. I think it was something that was scripted, and it is an absolute sham.

Mr. Ashton: I am wondering too what your suggestion to the government would be. We have had people—and I give this opportunity to presenters. You are represented by an MLA on the government side, and you mentioned Harry Enns has traditionally taken for an independent

role. He voted for the government to buy natural gas in the 1980s. He voted for, he voted with the NDP at the time, and I am wondering what you would say to Mr. Enns who, as you have pointed out, has had a very strong tradition of speaking out for public ownership in his own mind to persuade him to be one of those two Conservative MLAs that we need to stop the sale of MTS.

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

Mr. Hiebert: I would certainly tell him the same thing that I told Clayton Manness and asked him to say that to some of the friends, and I really do not need to know what their private conversations are, but it was exactly along that point. I think they should be very cognizant of their future, that if they want to serve the people of Manitoba, not just now in jamming through something that Filmon really wants in order to do the same thing that Mulroney is on as far as being on the take, but that the rest of them really want to do something legitimately.

They need to look a little bit ahead at the future. You are going to lose the opportunity, and I say this as an NDP person, not in the blatant sense but in the pragmatic sense. I hope some of you take it to heart. [interjection]

If I can only say, there are a certain number of exceptions to be taken with regard to me and as far as the civility, both in this proceeding and the other one, extremely civil. I much appreciate that, but I also hope that the ear is also part of what is being done, not just in the sense of going through the motions. I have welcomed this opportunity, and I hope it also means something. Thank you.

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

I would like to call Chris Morrow-Litke to come forward, please, to make his presentation. Chris Morrow-Litke? The Sergeant-at-Arms is checking the hallway. He is not present. Therefore, Chris Morrow-Litke's name will drop to the bottom of the list.

I call Nestor Molina to come forward. Nestor Molina? Seeing that Nestor Molina is not here, the name will be dropped to the bottom of the list.

I call Andrew Dolenuk. Andrew Dolenuk? Seeing as Andrew Dolenuk is not here, I will call Martha Owen to come forward to make a presentation.

Do you have copies for distribution?

Ms. Martha Owen (Private Citizen): I have six copies. I know it is not enough, but I will give you those.

Because much of what I have put in them has already been said, I will not follow them exactly, and I must extend my sympathy to the government members here. It has to be really difficult to sit here for hours while speaker after speaker calls into question your motives and your integrity, but I would say to you, do not worry. You are the elected members. You do not have to listen to anything that anybody says. You can just go ahead and do what you like when this exercise is all over, so carry on.

I am starting, if anyone is looking at my things, on page 2 and mention some of the things that people have already said. They have already talked about Alberta Government Telephones. Mr. Sale said something about CN. One thing I did not hear anyone say was that since CN was privatized, the CEO holds himself responsible, not to Canadian employees, not for services to northern Manitoba, but only to shareholders, 65 percent of whom are American and have no stake in Canada's northern communities, and why should we expect anything better from a privatized MTS? This government is not even going to talk to the northern communities. The North is going to get a double or a triple whammy, no railroads, no decent telephone services, no one to listen to them.

This government claims that the sale of MTS is necessary because MTS is too heavily in debt, and who says so? The Crown Corporations Council. This is an agency that was created by this government to study Crown corporations. What kind of recommendation can we expect from an agency that is created by a government which is ideologically committed to privatization at all costs? The council president, Doug Sherwood, admitted to having privately recommended privatization, but he did not make the recommendation public because it might prove controversial. When the Free Press obtained a copy of the report under The Freedom of Information Act, 10 of the 27 pages of that report had been blanked out—that is some freedom of information—and the others

were heavily censored, which is just a slight indication that maybe the government is acting behind our backs.

The government ignores all the good things about MTS, for example, the profits for the first half of 1996 being as much as the entire profits from last year, 1995, a doubling of profits. That is never mentioned, and a vast majority of Manitobans, 96 percent of residences and 86 percent of businesses, still subscribe to MTS in spite of all the other choices. Now, I would say that speaks very well for a company that has been deliberately sabotaged in so many ways. How much better could MTS do with the support of the government? Why not sell MTS bonds, as someone else mentioned, just as we sell HydroBonds if we need to raise money, and much of the MTS debt was deliberately engineered by the government. For one thing, competitors have been allowed free access to MTS phone lines. That is good business? The cable network valued at \$63 million by internal MTS documents was sold for \$11.5 million to private companies, and according to MTS's own corporate business planning department, that sale left MTS open to potential revenue losses of \$300 million. Now, \$300 million could have gone a long way to improving the debt-to-equity ratio.

In 1993, an independent study by Ernst & Young, not an arm of the NDP, reported that the ownership of the cable network placed MTS in an enviable position and strongly recommended that MTS retain ownership. Mr. Findlay claimed that neither he nor the MTS executive committee ever saw the report and that he would have considered it irrelevant in any case. In September '95, Filmon claimed to have no intention to sell MTS. A few weeks later, as others have mentioned, he hired three companies to study the sale. Now, obviously he knew in advance that they would recommend privatization. What Bay Street brokerage which stands to make handsome commission on the sale of shares will endorse continued public ownership? We were not told what those studies cost us. Earlier, the Tories gave MTS's \$19-million data base to Faneuil in return for only \$16 million worth of Faneuil shares. The Provincial Auditor called that a \$3-million subsidy to Faneuil. That was a direct giveaway of public money to Faneuil, \$3 million we gave them. Then they also negotiated a \$14-million telemarketing agreement with Faneuil, and the Free Press says that the minister responsible, Mr. Findlay, admitted to knowing little about the joint venture.

In May of '96, Faneuil was in arrears to MTS for \$1 million in long distance charges. In June, Mr. Findlay said the account was cleared up. He did not tell us if Faneuil paid any interest charges, and I am wondering if they have kept up with their payments since.

Then there is this piece of motherhood and road apple pie. This cost us \$400,000 of our tax money, and all it does is promote the sale. Listen to what it says. The bottom line is that the telecommunications industry is continuing to change. To keep pace, MTS must change along with it. Now is that not profound wisdom? To keep pace, MTS must change. That tells us a whole lot. It should be noted that Filmon's press secretary, Barbara Biggar, is in charge of this campaign, and one of the reasons why this has come out under the MTS line is that Tom Stefanson of MTS, Chairman of MTS, is a brother of Eric Stefanson, a cabinet minister, and other people who are also related to the government could be involved in the process of dealing with MTS. I understand that some of the files are being studied by Pitblado & Hoskin, that Gary Filmon's son works there and that Tom Stefanson's son also works there. I just think we ought to know that.

Floor Comment: All we need is Archie Bunker and we have All in the Family.

Ms. Owen: Well, it does seem an incestuous relationship.

Now, there is a saying that you should never believe anything until it has been officially denied. During and after the election, the Tories officially denied that they intended to privatize MTS. Now, they officially deny that the sale will be harmful to Manitobans. They have also begun to make official denials about their intent to privatize Hydro and the Manitoba Public Insurance system. So unless we take these denials seriously and find a way to stop them, we are going to lose everything. Thank you.

* (2210)

Mr. Sale: I am wondering if you could indicate, Ms. Owen, where in the province you live.

Ms. Owen: Do I have to wait for my name to be called?

Mr. Chairperson: Yes. Ms. Owen.

Ms. Owen: I live in Pinawa.

Mr. Sale: In Pinawa, I believe, there is a rather large atomic energy installation which I suspect depends somewhat heavily on telecommunications excellence. I would think that the retirement community that has been started in some of the surplus housing in the town also probably is an area of great concern for seniors who are counting on telephones as part of their security. Have you talked with people in your community about the importance of the affordable, excellent service that we have? What is their view of the sale?

Ms. Owen: Actually, no, I have not. People in Pinawa are so preoccupied at this point with the potential for the loss of the industry of Atomic Energy there and the likelihood that they will be leaving the town that I do not think this has really hit them very much or that they have paid much attention to it.

Mr. Ashton: I want to thank the presenter for the brief. I, obviously, share the presenter's frustration with the very statements that the government has made. Quite frankly, what scares the living daylights out of me is when I hear the government making the same statements about Hydro and MTS that they made only a few short months ago with MTS.

I want to focus in on what we have been talking about with other presenters. That is the concept that we are shareholders, this is our company. I want to ask whether you feel the government has any right whatsoever to sell off MTS, specifically given the fact that they said they would not do it in the election. Their actual election mandate is to protect the public ownership of MTS.

Ms. Owen: I was very pleased that there were some lawyers here who could talk about the legal aspect of it. I do not have any legal knowledge, but surely if the government took my house from me and decided to sell it and then offered me first right to buy shares in it, I would be a little insulted. I feel the same way about this, that they are selling property to individuals which collectively belongs to us already and because they are the government, they can do it.

Mr. Ashton: It is interesting, too, because I know one of the previous presenters said that the analogy here is that it is like selling your home but hanging on to half the

mortgage in the process because that is exactly what is going on with MTS.

I want to ask a further question because you dealt in your brief with a number of these particular issues, and the fact here that the sale—we learned today actually that the prospectus on the sale of MTS will be issued November 9, two days after the final vote in the Legislature. So we as the people in Manitoba will not even know what the real true details of the sale will be until after all the decisions have been made. I am wondering what your comment is on that.

* (2210)

Ms. Owen: Well, I do not know anything more to say on that except that this has been a whole process of disinformation from beginning to end, both disinformation and misinformation. We are expected to trust whom? I do not know.

Mr. Ashton: I am wondering, too, as well, because you referenced the three brokers, Wood Gundy, RBC Dominion Securities and Richardson Greenshields—I think you are right. I think anybody can figure out that you go to these people for advice and they are going to give you advice to sell it. They are in the business of selling things. You do not call a real estate agent over to your house for them to tell you how nice your house looks. You call them over and they are going to recommend that it be sold.

But I am wondering if you do not also feel that—[interjection] Well, the government members are giving me advice here on selling houses and various different things. I am talking about MTS here and whether you do not feel it is absolutely immoral for these three investment bankers to benefit in any way, shape or form from the sale, because right now they are going to get upwards of \$25 million in commissions from the sale.

Ms. Owen: Yes, I absolutely feel that way. It is another way of enriching the rich and depriving the poor and the middle classes. Maybe businesses think that they are going to benefit because they are looking to lower long distance rates, and the mantra of competition has swept them all up in its spell. So when we have a good corporation that does very well without competition, my friends say, but we have to compete. No matter how

often we go through this, well, what do we have to compete for, why do we have to compete, it is just, but we have to compete. You cannot get through to people that there is not the need to compete where you have everything you need already. So I find it terribly frustrating.

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

Mr. Ashton: A quick question, in Pinawa, your representative is Darren Praznik, the member for Lac du Bonnet.

Well, I was just in Beausejour and Lac du Bonnet, and I know many people in those communities were concerned and surprised that the sale was going through. I wonder, if you had the opportunity to try and persuade Mr. Praznik to be one of those two government MLAs that could save MTS, what would you say to him to try and convince him to vote with his constituents against the sale of MTS?

Mr. Chairperson: Ms. Owen, for a quick answer.

Ms. Owen: There would be nothing I could say to Darren Praznik. As one of the other constituents said to me once, there are two things I do not like about him. His face.

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

Ms. Owen: Just one comment, no one from this side has asked a single question.

Mr. Chairperson: I would like to now call forward the National Farmers Union, who will name a spokesman at the podium. Is there a representative here from the National Farmers Union? The Sergeant-at-Arms will check the hallway. No? Then the National Farmers Union will be dropped to the bottom of the list. I call forward Ian Robson.

Mr. Hiebert: I would just simply like to say something on behalf of him, that I met him through the committee—

Mr. Chairperson: Mr. Hiebert, to speak on behalf of Mr. Robson.

Mr. Hiebert: Well, not to bring his forward, but just simply, let us recognize the fact that he is from western Manitoba. I know he is very dedicated. He did something as far as in the grain marketing panel. Whether or not I agree with him is not the point. My point is here, within the perimeter, we still have reasonable weather. I know the National Farmers' Union. I am not a member of them, but some of them or most of them are from out west. Ian Robson definitely is. I ask this committee to give some special recognition to these rural people so that even though they are read, technically many of them probably do not have an opportunity to be here. I wish you would recognize that as well so that you take that into account.

Mr. Chairperson: Thank you for those comments. Mr. Robson, not being here, his name will be moved to the bottom of the list, and I will call Jan Chaboyer. Jan Chaboyer not being here, the name will be dropped to the bottom of the list. I now call Kim Fallis. Kim Fallis not being here, the name will be dropped to the bottom of the list. I now call forward Susan Tjaden. Susan Tjaden, not being here, her name will be dropped to the bottom of the list. I now call Garth Minish. Garth Minish, please come forward. Do you have copies for distribution?

Mr. Garth Minish (Private Citizen): I do not have copies for distribution.

Mr. Chairperson: Okay. Please proceed. Do you have the copies with you?

Mr. Minish: No, I said I have no copies.

Mr. Chairperson: You have no copies? Please proceed.

Mr. Minish: I will be short and sweet. I am here as a concerned citizen of Manitoba. The proposed sale of MTS, I feel, is a prime example of the lack of this government to be responsible in managing the provincial affairs. I am sure that creative accounting procedures will show that MTS is in fairly poor condition. Some of the people before me that have spoken tonight have shown very eloquently that it is not in bad shape at all. Generally, the proposals that were put forward were basically three that I see.

One is offering shares of MTS to the public to finance modernization and to help pay down the debt. I thought,

being a public corporation of Manitoba, that we were already doing this. The second thing I see that was proposed is that this would ensure that Manitobans have control of MTS, and I thought we already had that too. The third thing that was mentioned by the president of the company was that the new company would be able to move faster and adapt and be flexible and fit into the marketplace where it is needed to be at this time of high-speed change. Well, if this is not already happening, why is that person there? Why is the government not providing them with the ability to do that? Is the government admitting that it cannot manage a public facility efficiently? I propose that this legislation be sent back to the government to be rewritten in order that MTS can function in the way that it is supposed to, as a publicly owned, accountable company. The incredible fact that has been stated that no information is available on what the true value of the company is, what the share price is going to be, it is just absolutely unconscionable that this is not available at this time, and it will not be available until after the legislation is passed to propose the sale of the company. Perhaps we should sell off the government or call for an election.

That was short and sweet. Any questions?

Mr. Chairperson: Thank you very much. Questions?

Mr. Ashton: Thank you. I do not think we would get much of a price for the government, quite frankly, so I do not know if that is much of an option, but I certainly appreciate the sentiment. Actually, I could have repeated what a lot of people across Manitoba have been telling me, which is save MTS and sell Filmon, but I thought that might be considered to be a cheap shot.

I appreciate your point. [interjection] No, I put it on the record. I do put things on the record that I say, and the members on the government side of the committee, I wish they would do the same on MTS, but, to the presenter, you mentioned the share price and this really bothers me, this bothers I think a lot of people, the fact that essentially the decision to sell MTS will be made without the members of the Legislature or the people of Manitoba knowing the details of the sale. I am wondering, just in your personal life, if you can imagine any parallel where you as an individual citizen would ever do anything as stupid in deciding to go ahead and do something, sell something off, your house, your car or whatever without

knowing all the details on the sale first. I mean, would you do that in your own personal life?

Mr. Minish: Absolutely not. I would use the parallel of putting my house up for sale and accepting an offer on it or accepting several offers from someone that knew the value of my house but I did not and offered me half the price or a third of the price or a quarter of the price. I think it is just a terrible thing to have happen. To use the example of the cable company that was sold here as several other people have mentioned, it was sold for \$11.5 million. Mr. Findlay commented in passing that he thought it was worth \$7.5 million and the MTS internal audit put its value at somewhere around \$63 million.

Even if it was half of that and Mr. Findlay to be out by \$4 million on something like that, to think that an industry would pay \$11.5 million for something that is only worth \$7.5 million is—I mean, I hope that the educational system teaches us a little bit of math because it just does not wash. The accountability, it is over in left field. Everybody is going down the road and somebody is out in the field, in the mud. I think it is terrible, and that is why I am here tonight. I cannot believe, as you say, the unadulterated gall of the government to try and pull this off. It is a joke. It is an absolute joke. The government in the province of Manitoba is being laughed at, and that is an embarrassment to me as a taxpayer.

Mr. Ashton: I am also wondering, too, where you are from in the province.

Mr. Minish: Actually I live in Mr. Findlay's riding. I live in Oakbank, Manitoba.

Mr. Ashton: Well, it is interesting, too, because I have—given the opportunity to say what they would say—I guess we will have to use the same question I used before, say privately, if you had a chance to talk to your MLA. We were just in Oakbank just a short time ago, the NDP caucus, and there was a very interesting meeting too in another part of the minister's constituency, Dugald, in which a lot of Mr. Findlay's constituents were very vocal about not selling off MTS.

I am just wondering what you would say to Mr. Findlay, not only on your own behalf but in terms of other people in the Springfield constituency in Oakbank if you had a chance to sit down with him. I assume he is

not going to vote against the bill, it is his bill, but the one thing he could do is withdraw the bill. What would you say to try and get him, your MLA, to change his mind?

Mr. Minish: I have actually already had a meeting with Mr. Findlay on educational issues. I happen to be a teacher. I believe that Mr. Findlay is between a rock and a hard place, because I firmly believe that this government is being led from the top in a dictatorial manner. I would be very surprised if Mr. Findlay were elected again in our riding. I feel very, very badly for him in that case. I would say that to him, that I feel very badly, that he has put himself into a position that he may not get elected again because of his stance on the MTS and other issues.

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

Mr. Minish: Thank you.

Mr. Chairperson: I would like to now call Brenda Portree. Brenda Portree.

Mr. Sale: Mr. Chairperson, just while we are waiting for the Clerk, I do not know whether the committee is aware—they may be—that there is a travel advisory in western Manitoba of a serious snowstorm, so many of the people who signed up for tonight are not going to be here I think for that reason. They may not be here tomorrow for the same reason. Of course, many of those from town knew that there were 50 or 60 presenters from out of town, so many of them are not here either. I just think it is important, that the crowd here is not reflective of the concern but of their need to sleep and conserve their energy.

Mr. Chairperson: Is Brenda Portree not here? Okay, her name will be dropped to the bottom of the list. Jasper Robinson. Jasper Robinson.

Mr. Ashton: Mr. Chairperson, Jasper Robinson is a constituent of mine. I know he had indicated that he wishes to present but, unfortunately, he cannot drive the eight hours into Winnipeg. He was registering on the hope that our motion would pass and there would be hearings in Thompson. I also would note that Mr. Oakes at 131 is also from Thompson and Mr. Murphy as well. Sorry, the next three presenters, all three are from

Thompson and all of them indicated they wished to present if hearings were held in Thompson and probably would not be able to make it into Winnipeg. Mr. Oakes is from Thompson.

Mr. Chairperson: So Mr. Robinson, Mr. Oakes and Mr. Murphy will not be here. Okay. Their names will be listed at the bottom. Connie Gusingie—[interjection] Gretsing, sorry. I have a misspelling here, I am sorry.

Connie Gretsing. Do you have copies for distribution?

Ms. Connie Gretsing (Private Citizen): No, I am sorry I do not, Mr. Chairman. I only wrote my presentation this afternoon.

Mr. Chairperson: Please proceed.

Ms. Gretsing: Okay. Thank you. First of all, I would like to thank the legislative committee for the opportunity to address them on the issue of Bill 67. However, having sat in this room since 6:30 tonight, I am a little concerned about the interest on this side of the table here. I am really wondering whether some of these presentations have not bored some of these people to death. Mr. McAlpine has spent the majority of the evening scowling at the audience. Mr. Driedger has spent time grinning like a Cheshire cat. I am not quite sure what he is thinking. Mr. Findlay has looked down through his glasses most of the time and Mrs. Mitchelson, obviously, we sent her home to bed.

I would like to assure you that today I have come to speak not as a union representative or as a political activist, though I have affiliations in both of those areas. Could I please have your attention, gentlemen? I come from 50 miles out of town and there is possibly a storm. I would like my 10 minutes, please. I am here today to speak on behalf of myself as a citizen in Manitoba. I am here to speak on behalf of my parents, who are senior citizens, and my neighbours and my friends and my co-workers who are gravely concerned about the future of the Manitoba Telephone System. I guess we come as a group and we would be labelled as the shareholders in name only.

Tonight my presentation is very basic. I will not bore you to death with graphs and quotes and figures. I want

to voice my concerns and I base these concerns on common sense. Firstly, I want to say to this committee, I do not want this government to sell MTS. MTS has been a publicly owned utility since 1908. I find it an irony that we are sitting in this room with that gentleman's portrait looking over us. MTS at the present, I am told, is making a profit. I do believe that MTS is responding to the competitive market when we look at their long distance services. I believe that Manitobans would prefer to buy long distance services from the company that they own and they operate. MTS has always served and been committed to enhancing rural and northern communication services. I question, will this new company meet that same type of commitment?

As many presenters before have said or they have referred to the MTS Answers pamphlet, I also would like to refer to it. I find it interesting to note that the government has taken the time to tell me why the sale of MTS is necessary and why it is good for me. Yet, they have not given me the right to tell them that I do not want this deal. In this information page, there are three reasons listed why to sell MTS. We talk about competition. MTS is already competitive. I have a real concern in the fact when companies like AT&T publicly state that they would be willing to buy MTS. We talk about changing technology. Will this new company maintain the level of commitment that MTS has to our rural and northern communities or will we face the possibility that the basic phone service will not be available because of high rates? You talk about investment in the future. Will this new company with foreign ownership have some investment integrity to Manitobans and to the Manitoba communities? I do not want decisions about telephone service and communications made by Bay Street investors and from an American city.

The bottom line, gentlemen, is that this bill offers no long-term control over the newly privately owned corporation. There is the issue of the rates. The government cannot guarantee that rates will not increase. They state that the CRTC has control of this. Yet, in your information page you assure me that the CRTC will make sure that the rates are fair and affordable. If that is not a contradiction, I do not know what is.

My biggest concern is the rates. If they are to become unaffordable, you will be denying access to basic

communication services, likely—as many presenters have said before—to some of the most vulnerable people in society, senior citizens, disabled people and people in isolated areas of Manitoba. I view this as a decision which is not based on integrity and caring for our communities. It will make no difference what advanced technology this new company is able to provide. It will be a travesty if people cannot afford basic phone service in Manitoba.

You have talked about the service in your information sheet, and you boast about a workforce of 4,000 in MTS. What about this workforce? This information sheet does not say anything about this workforce. Will they remain or will they be part of this new company's downsizing and restructuring in the name of profit? I see no guarantee and no security in the future for Manitoba Telephone System's workers.

In the rural communities, MTS is a significant employer. Can you tell me how this is going to affect my community? You talk about MTS and the head offices will remain in Manitoba. Will you guarantee this to me? You talk about that Manitoba will be offered opportunities to purchase the majority interest in the MTS shares, and there are presenters that have addressed this issue before much more eloquently than I do. In the literature that I have read it states, the bill outlines what happens in the short term, things such as the headquarters remaining in Manitoba and that we will have majority slots on the board of directors and that no individual may own more than 15 percent of the shares and that 25 percent of this is foreign ownership. It sounds good, does it not? But in the literature that I read, it also says that as soon as the new company pays off the debt owed to the province, this special sharing clause is automatically surrendered and all the protective provisions listed are automatically repealed. Is that true, gentlemen?

Lastly, I want to address the issue of the advertising campaign, this campaign to sell this deal to Manitobans, your information pages, your TV, your radio and your paper ads. Is it correct that the cost is \$400,000? Excuse me, gentlemen, but that is an awful lot of money to me, to my parents, to my friends. In my economics, I cannot afford to waste \$20. You spent this money to tell me that something is going to be really good for me but yet I have no choice in making the decision. I recall another politician in history who took this particular type

of approach and I believe his line was, trust me, my fellow Americans. Well, we all know what happened to that man.

* (2230)

It is my understanding that the Premier's (Mr. Filmon) response to the cost of the ad campaign was, well, it stimulated the advertising industry in Manitoba. I find it unfortunate that the Premier did not have this same attitude to the unions when they ran ad campaigns during the 1995 election. Let me make it very clear to you gentlemen that there is a distinct difference because at least those ad campaigns were voted on democratically by union members. I know, I was there. I do not recall any consultation or any vote on the government's MTS ad campaign. I am very angry at you, as the government, for wasting such a large sum of money. Shame on you.

In essence, as a government, you are setting off to sell off a publicly owned corporation, a corporation that is accountable to the people and the government of Manitoba. You are going to give it to a multinational corporation who will have foreign interests—

Mr. Chairperson: Two minutes.

Ms. Gretsinger: —no ties and no accountability to the people of Manitoba. I urge this government to allow public hearings on the issue of the sale of MTS. I urge you to stop the voting on Bill 67. Let the people of Manitoba tell you how they feel about their publicly owned utility. I also would like to direct a message to my MLA, Harry Enns, in the constituency of Lakeside. I want him to vote against Bill 67. I carry a message from the constituency of Portage la Prairie. Forty people there attended a public meeting this week. They are saying to their MLA, Brian Pallister, vote against Bill 67. The bottom line is, and I cannot stress it enough, Manitobans do not want MTS taken out of the public sector. They do not want it privatized, but Manitobans do want the elected officials to listen to them. Thank you.

Mr. Chairperson: Thank you. Any questions?

Mr. Ashton: I would like to thank the presenter and I want to particularly echo what she said, too. We did have a meeting in Portage la Prairie yesterday. It was a good cross-section of the community, people from all

different backgrounds and, dare I add, different political persuasions too, all concerned about the future of MTS. I am wondering—you mentioned about your own constituency, you mentioned in Portage—you know, what the talk is. Are you finding much support for selling off MTS or are people saying to keep it publicly owned?

Ms. Gretsing: No, I have not found anybody that I have talked to that says yes, let us go ahead and sell off MTS. I think, as one of the other presenters said previously, there has not been enough information out here. This little sheet is wonderful; it is a great campaign exercise, but it does not really give answers. I think after November 7, there is going to be a lot of Manitobans and people in Portage la Prairie who are going to be very surprised that actually, indeed, MTS has been sold off.

Mr. Ashton: I think that is an important point because I find it absolutely amazing that I am holding public meetings in Portage la Prairie and the government has never once had a single public meeting anywhere, whether it be in Portage la Prairie or anywhere in Manitoba.

I want to ask you, since they obviously have not consulted and they did not run in the election on this, what you think should be done. Obviously, you do not support the bill, but do you think there should perhaps be a vote on the issue, either an election or a special vote of the shareholders of MTS, before they can sell it off?

Ms. Gretsing: I do. I believe that the public hearing process should go beyond this building and it should go into the communities as well. I am not necessarily an advocate of government by referendums, but I do believe an issue such as MTS, it should go to the people and there should be some type of vote.

Mr. Ashton: I am wondering, too, you mentioned in terms of during the election—and what really, really frustrates me is it was not a question of not saying anything. The government said they had no plans to sell MTS. They said it very clearly; they repeated that after the election in May. They repeated it again in September.

I was criticized by the Minister responsible for MTS (Mr. Findlay) for being the only one that was talking about selling off MTS, we were the only party that was talking about privatizing MTS. This was, by the way,

the same month that the minister appointed these three investment bankers. They started interviewing them in September, according to the minister's own word, at the same time that in the committee he was saying it would not be sold off.

I am wondering what your comment is on that to a government that—someone used the word “gall” before, but, well, okay, let us use it—has the gall to say, we are not going to sell off MTS and then turns around and just over a year later, we are faced now with losing the public ownership of MTS.

Ms. Gretsing: I think if you ask the public, a lot of people feel very betrayed. I do, personally. I feel that this government has misled us. They seem to be governing by arrogance. They seem to take a paternalistic attitude the way they have presented these issues on the MTS, that, I will give you the facts as I see them and trust me, they are good for you, so do not worry about it, I will give you the details after November 9.

Mr. Ashton: So your bottom line then is, I guess, the government has said, you know—and used an American president's words, trust me. They said, trust me on MTS in the election. You are saying you do not trust them any more now that they are selling it off than you did when they stated that during the election.

Ms. Gretsing: No. I have to be very adamant in the fact that, no, I do not trust the government. I think if this particular government had campaigned on the issue of selling off MTS, they would have lost votes in the last election because I think that the public views MTS as near and dear to their hearts as they do health care, and believe me, the public was certainly in an uproar with health care changes. So I think if they really knew what was going to happen to their publicly owned utility, the Tories would have paid the price of losing some votes.

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

Mr. Sale: I am just wondering, Ms. Gretsing, you raised the issue of the question of the short term versus the long term. Do you think that the people that you have talked with in your area understand that the protections that are being trumpeted by government are simply a charade, that the day that AT&T or someone else decides to pay off the debt, to recapitalize the company in their

own way, that they can be gone the next day? Do you think people understand that?

Ms. Gretsinger: No, I truly feel the public is not aware of the intricacies of this because it has not been out there for them. If you have access to things like Hansard and you have access to literature that maybe I do, fine, you know these things, but the average public does not. In this information package, it looks very good when we talk about shares. The TV ads are very polished and very professional to convince people that, do not worry, you are going to get to buy shares in it. I think the Manitoba public will be devastated after this deal goes through.

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

Ms. Gretsinger: Thank you.

Mr. Chairperson: I would like to now call Colleen Seymour. Colleen Seymour. Not here, the name will be dropped to the bottom of the list.

Dawn and Heather Orton. Dawn and Heather Orton. Not here, the names are dropped to the bottom of the list.

Max Juliak. Max Juliak. Not here, the name will be dropped to the bottom of the list.

Garnet Boyd. Garnet Boyd. Not here, the name will be dropped to the bottom of the list.

Ray Cantelo. Ray Cantelo. Not here, the name will be dropped to the bottom of the list.

Karen Minish. Karen Minish. Please come forward. Do you have copies available for distribution?

Ms. Karen Minish (Private Citizen): Actually, no, I do not.

Mr. Chairperson: Okay, please proceed.

Ms. Minish: I would like to say good evening to Mr. Findlay. I was supposed to have a meeting with you tonight at 8:30. I spoke to your secretary, and it had to be shunted to December 4. We are going to get together one of these days. I did not plan on presenting to this particular MTS brief. I have other concerns about MTS,

and I am sure Mr. Findlay must get tired of those three letters.

* (2240)

It is a difficult job that you have. You have two very controversial, very high pressure areas to deal with, but I am here tonight to speak in protest over the privatization of MTS, as in Manitoba Telephone System, and I was going to tell you a story about Aesop's fables, but I am sure you all know it. I am a Grade 5 teacher. You have all heard the Fox and the Hare story, where the fox said trust me, and it did not work out that way. I would like to trust my government. I would really like to trust them. I believe very strongly in the democratic process, and I do not feel that there has been a lot of democracy in these last few years. MTS stands for the Manitoba Telephone System. That means that the people of the province of Manitoba own it. We have paid for it, as has been so eloquently said this evening. I am not sure that any government has the right to sell what belongs to the public unless they go to a plebiscite, and I have not heard any talk of that.

I would like to tell you a story. My father is 84 years old, and I spoke to him last night and said, Dad, I am going to go to the Leg to speak against the privatization of the Manitoba Telephone System. He said, please ask them not to from me. He worked for the Manitoba Telephone System as a camp cook in 1949, May 26, 1949, because my dad never forgets a date. I said, how much did you get paid Dad? He said, I got \$200. That was really good money, because if you rung the rule of 72 on that, you know what that is worth today, Mr. Findlay. He said, please tell them not to sell it, Karen. I said, I will Dad. He left his new bride and two baby daughters in Erickson to go so that rural lines could be upgraded after the war. He cooked for gangs from 25 to 43 men. There were nine gangs when he was cooking, and they used to rate them according to how high their meal costs were. I remember being a very little girl and Dad coming in saying, you know, I had the lowest meal cost again, 23 cents. I was really proud of my dad, and I was proud of what he did for the Province of Manitoba.

To sell this particular service to the highest bidder basically demeans all of the work of the people who laid those lines, all of the men who left home so that they could work on them, and I really ask you not to do that.

I do understand that you are between, as has been said this evening, a rock and a hard place, but I ask you to consider voting against this bill.

I worked in Cross Lake when I came right out of faculty in 1969. There were no telephones in Cross Lake. We had short-wave radios at the mission, but there are telephones now in Cross Lake, and I am not sure that a private corporation would bother servicing the small population there, but MTS did it.

My daughter was with me earlier this evening. She left. She said, I would like to stay, but, she said, I have to go home because I have an MTS teleconference booked at nine o'clock with the University of Victoria. She is completing her second degree. I am not sure that service would be available for her if this were sold either.

Change is a good thing sometimes. I am a teacher, and lots and lots of times we change things in a classroom because it is going to expedite the learning process. So if your government is looking at changing MTS for the better, I need some more facts, because everything I have read, and I am not an uneducated person, tends to contradict itself. I ask you to look at that. We are not in a deficit situation right now. The Conservative government has done a very good job of eroding, completely taking away the debt. I take my hat off to you. Overall sources of revenue have gone up by a healthy 15 percent in the last two years. There was a \$300-million tax reduction to businesses, which may or may not be a good thing, but I guess my bottom line is if something isn't broke, don't fix it, and I do not think the MTS is broke.

Mr. Chairperson: Thank you very much.

Mr. Sale: Thank you very much for an impassioned presentation. I want to just ask a question, and if you feel it is inappropriate, tell me and do not answer, but has your father expressed any concern about the pension issue that was raised earlier by two gentlemen from Steinbach? Is he first, I guess, a pensioner from MTS? Does he have an MTS pension?

Ms. Minish: Actually, I do not think I can answer that. I am not sure enough of the facts. I think he probably is, but he does not tell me about that. I am not supposed to know about money and stuff, you know.

Mr. Sale: I understand that. Okay, thank you for that response. Secondly, you have talked about the question of Cross Lake. Could you just tell the committee what it was like to live in a community that did not have phone service when you were there? What was the experience, and what do you think the difference today is for those citizens?

Ms. Minish: To make a phone call at Cross Lake in 1969 was a big event. First of all, you had to go over to the mission, because that was the only place that had a short-wave radio, or the principal who lived six miles and across a muskeg. I did not walk that muskeg more than once, and I did not make a phone call the rest of the time that I was up there. It was just an impossibility; you did not do it. They had another one at the nursing station, but the nursing station was further than six miles away, so we certainly did not access that either.

Now I believe they have the flip phones, they have the cell phones, they have everything they need because of MTS. It is just a complete difference.

Mr. Dewar: You are an out-of-town presenter. Where are you from?

Ms. Minish: Well, I am from Mr. Findlay's riding. I live in Oakbank, it is snowing outside, and I really hope 206 is not slippery tonight. It is not that long a drive, but when it is dark it can be.

Mr. Dewar: I am from Selkirk and I understand that the roads are getting kind of bad out there. Have there been any public meetings in your community regarding the privatization of MTS?

Ms. Minish: Not that I am aware of. There have been some MTS signs put up, and nobody asked me if I would put one up. I would have very gladly put them. Every single person that I have spoken to about the sale, with the exception of two people, have been against it. The two people who thought it was a marvellous idea are multimillionaires. I think that says it all.

Mr. Dewar: Of course, you have the opportunity here to speak both to your MLA and the minister responsible, and I guess if you have a message for him, what would that message be?

Ms. Minish: The message would be to please reconsider the sale of this, please. You are trying very hard to do a very difficult job. I doubt very much if Mr. Filmon will run again, but I have a sneaking feeling that you would really like to, and it is very difficult to support a party that is going to do something as devastating as this will be, so please vote against it. Thank you.

Mr. Chairperson: Thank you very much for your presentation. It has been brought to my attention that Gail Cherpako is an out-of-town presenter. I would like to call her to come forward now, No. 149. Do you have copies for distribution?

* (2250)

Ms. Gail Cherpako (Private Citizen): No, I do not.

Mr. Chairperson: Please proceed.

Ms. Cherpako: Thank you. I am also a shareholder in the MTS, and I wish to go on record that I am absolutely opposed to the privatization of the MTS. I was also asked to have it recorded that my parents, Olga and Pushka, and my physiotherapist, Ann Dawson, friends and colleagues are also very much opposed to this privatization of the MTS.

Having heard some of the arguments, and I really feel it has just been propaganda in favour of selling the MTS, it has not been successful in changing our minds. I am angry and I am insulted that the Manitoba government would spend our tax dollars in order to convince the public that privatization of MTS is in their possible best interests. Whose interests? There are the rich who are just going to get richer. I am disgusted that the public interests are being both ignored, and services are being eroded. This government has a responsibility to serve and not dictate.

While I was on vacation, I met an individual who shared this revealing piece of information, that his friend had been successful and sold a complex in Hawaii and fortunately had made \$25 million profit. He thought he was a really good businessman, and most would agree. The purchaser one year later was successful in selling the same complex to a Japanese firm for a \$125-million profit. His friend, who thought he was so clever, is still upset and irate today. The point I wish to make with this

story is that selling our assets can cost Manitobans. A short-term profit today can and will cost us tomorrow, and it certainly will cost this government.

I firmly believe that it is morally, criminally and financially unwise to even consider the privatization of the MTS. When communication is so vital and so important to our future, I wish and I really hope that some of the words that you have heard tonight in opposition of privatization of MTS will hopefully cause some rethinking on this issue. Mr. Findlay, I would love you to withdraw this bill.

Finally with the privatization this government is just absolutely abdicating the responsibility, and they cannot successfully handle this corporation like an MTS, then I think that, I concur with the previous speakers, let us keep the MTS and sell off the Conservative government.

I feel I have been betrayed, I am hurt, I am upset, and this issue should and must be taken to the people to be voted on. Thank you.

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

Mr. Dewar: Thank you very much for your presentation. You are again an out-of-town presenter. What community are you from?

Ms. Cherpako: I am from the community of East St. Paul and also in Mr. Findlay's riding. Also, Mr. Findlay, please think twice. I think that this bill will definitely cause and hurt all of us Manitobans, and I really do feel that this was very much planned. It is nothing that is just happening today. I mean, this has been going on behind the back boards.

Mr. Dewar: During the April 1995 general election, I am sure you were following the election like most Manitobans. Did Mr. Findlay at that time, did he campaign on the privatization of MTS?

Ms. Cherpako: Absolutely there was no indication that he had indicated that there would be the selling of the MTS.

Mr. Sale: Thank you and thank you for your presentation. Does Mr. Findlay send mail to his

constituents? Do you receive information of a newsletter kind or just letters from Mr. Findlay from time to time?

Ms. Cherpako: Occasionally.

Mr. Sale: Over the past while have you received any written material from Mr. Findlay explaining his views of why it is important that his constituents should understand that there is no risk here in this sale and in fact that this is a good thing? Has he tried to defend this in writing to his constituents?

Ms. Cherpako: There was one handout and I do not recall exactly if it did come directly from his office, but there was one sheet that said that it was just a wonderful idea. But I mean, it just did not wash. I believe that the MTS were directed to send it out, and I would wager someone that perhaps—

Mr. Sale: Is that it?

Ms. Cherpako: That is what it looks like, yes.

Mr. Sale: Just for the record I was holding up one side of the copy of the material sent not from Mr. Findlay but from Bill Fraser the president and CEO of MTS who were required by government to spend \$400,000—

Ms. Cherpako: Yes, in order to send it out, that is correct.

Mr. Sale: —to promote the government's plan, but without giving any significant information. Thank you for your presentation.

Mr. Ashton: In fact, I did send out as many letters as I could. I have sent letters out across Manitoba and particularly including Springfield, and I asked people what they thought, yes or no, do you want to sell it or do you want to keep it publicly owned? I think more than 90 percent—

Ms. Cherpako: There were—

Mr. Chairperson: Ms. Cherpako.

Ms. Cherpako: Sorry.

Mr. Chairperson: Go ahead. I just have to recognize you for the record, so that you are duly recorded.

Ms. Cherpako: Correct. Yes, we did receive that and also, too, a number of neighbours, friends and colleagues at the school that I work at also sent letters saying that they were very much opposed to the privatization and the selling of the MTS.

Mr. Ashton: The reason I mention that is because more than 90 percent of the people responded, including from Springfield, said they did not want it sold, and I am just wondering if you think at a bare minimum that your member of the Legislature who is also the Minister responsible for MTS should not have done the same thing, should not have sent out at least a survey asking his own constituents what they thought about the sale of MTS. Do you not think that would have been the fair thing to do?

Ms. Cherpako: Correct. I think it would be an absolute fair thing to do and, Mr. Findlay, can we ask you for an answer to that question, please? It would have been a fair thing to do. Why was it not done? Would you answer my question?

Mr. Findlay: I am here to hear—

Ms. Cherpako: You are here to hear?

Mr. Findlay: I am here to hear the input of citizens and I am listening intently.

Mr. Ashton: Mr. Chairperson, I think that if the minister wanted to listen intently he might have conducted a vote of his constituents, a survey. I think he would have got a very clear message, and I think that is probably one of the reasons that the minister in his own constituency has not even asked his own constituents, let alone the rest of the people of Manitoba what they think. I just want to ask the presenter again, too, you mention about people you work with, are people in East St. Paul, the minister's own constituency, do they want to see MTS sold off? I ask this question seriously because the thing that has puzzled me is, I have travelled all over Manitoba and rural Manitoba and urban areas, and I have had a tough time finding anyone outside of the Conservative cabinet that wants to sell off MTS. Are there a lot of people in East St. Paul that are saying sell it?

Mr. Chairperson: Ms. Cherpako, for a very quick answer.

Ms. Cherpako: To my knowledge, I do not know of anyone that wants to sell MTS. Everyone that I have ever spoken to has been totally against it, that there is no reason to sell it, not in their minds. There is absolutely no reason other than turning a dollar somewhere, and it is not a valid reason. I think, for the good of the citizens of Manitoba and the good of our own future and the good of communication, it is absolutely essential that we keep the MTS. For us to quickly sell it, there is no purpose, and the purpose, I would like to know, is really what? It cannot be for dollars and cents. There must be a lot more that is being not—well, is being withheld from the general public.

I feel that there are a lot of things that are going on underneath, and I just am not aware of it, because it just does not make sense. Manitobans are against the privatization of MTS. They do not want it sold, yet it is just being handed away, and it is being sold for, I would say, pennies for what it would end up being worth in the future. It will be worth a lot more in years to come. It is definitely an important asset, and you just do not get rid of things that are important.

* (2300)

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

Ms. Cherpako: Thank you.

Mr. Chairperson: I would like to now call Susan Tait. Susan Tait. It looks like the storm has kept a lot of people home. Susan Tait's name will be dropped to the bottom of the list. Heather Emerson-Proven. Heather Emerson-Proven. Her name will be dropped to the bottom of the list. Keith Proven. I do not think he is here. No. His name will be dropped to the bottom of the list. Lyle Ross. Lyle Ross, not here, dropped to the bottom of the list. Brad Mroz. Brad Mroz, not here, he will drop to the bottom of the list. Antoine Desrosier. Antoine Desrosier, not here, he will drop to the bottom of the list. John Whitaker. John Whitaker, not here, he will drop to the bottom of the list. Bert Beal. Bert Beal, not here, dropped to the bottom of the list. Glen Hallick. Glen Hallick, not here, his name will be dropped to the bottom of the list. Irwin Baumung. Irwin Baumung, not here, his name will be dropped to the bottom of the list. Anthony Riley. Anthony Riley, not here, dropped to

the bottom of the list. Carol Masse, not here, name will drop to the bottom of the list. Margaret Hayward. Margaret Hayward, not here, dropped to the bottom of the list. Bill Sloane. Bill Sloane, not here, he will drop to the bottom of the list. Jean Dixon, not here, dropped to the bottom of the list. Fred Tait. Fred Tait, not here, he will drop to the bottom of the list. Ken Sigurdson. Ken Sigurdson, not here, his name will drop to the bottom of the list. Chris Tait. Chris Tait, not here, his name will drop to the bottom of the list. Sel Burrows. Sel Burrows, not here, his name will drop to the bottom of the list.

So we are at the point now where we will start to call names as they are numerically—in the numerical order they are on the list with persons registered to speak. The first person on that list is Darryl Livingstone. Would you please come forward. Darryl Livingstone, not here, his name will drop to the bottom of the list. Emile Clune. Emile Clune. Did we get your name right?

Ms. Emile Clune (Private Citizen): No, you did not.

Mr. Chairperson: Sorry.

Ms. Clune: My name is Emile. I am here, Mr. Chairman, but I wish to be by-passed at this time. I will be presenting on behalf of someone else if you get to them this evening. Is that all right?

Mr. Chairperson: So you want to be by-passed right now?

Ms. Clune: I want to be by-passed. You can drop me to the bottom of the list if you want.

Mr. Chairperson: Okay.

Ms. Clune: Okay, thanks.

Mr. Chairperson: We will do that. Harry Restal. Harry Restal. Not here. Dropped to the bottom of the list. Maggie Hadfield. She is here. Do you have copies for distribution?

Ms. Maggie Hadfield (Communications, Energy and Paperworkers Union of Canada, Local 55): Yes, I have.

Mr. Chairperson: Okay. While the copies are being distributed, I would invite you to please proceed.

Ms. Hadfield: Thank you. Mr. Chairman, members of the committee, I am here today on behalf of the 1,700 members of the Communications, Energy and Paperworkers Union who work at MTS and whom I represent. I am here to tell you a number of things, that this legislation remains seriously flawed, that this process is divisive and hurtful to many people, as we have heard tonight already, and that should you railroad this legislation through in order to meet artificial deadlines, you will sow seeds of discord, and later you will reap the whirlwind of that.

As Manitobans, you should feel a profound sense of shame. You are selling the farm. You will be responsible for the losses to our province and to our communities that will result from this action. You are disposing of one of the most important economic and community institutions in our province, our MTS, and as a province we will have nothing to show for it except broken communities and unemployed workers. You should also be ashamed of this process, because there is no consensus in Manitoba in support of this privatization. What you are doing is rooted in an extreme ideological position and not the needs of our community.

I want to highlight two issues which underscore what a bad deal this is for MTS employees and users. First, do not let anyone tell you that there is a labour peace at MTS or that the essential employee issues relating to the privatization are taken care of. This is not so. There is no current contract for half of the workforce at MTS and they are, frankly, losing patience with the prolonged negotiations.

The pension plan for MTS employees remains an outstanding and very unresolved issue. We have heard a number of platitudes from MTS and the government officials to the effect that our pension plan is secure; however, our independent advisors have told us in no uncertain terms that there is plenty of insecurity for the plan as a result of this privatization. I draw your attention tonight to the statement on Saturday by Professor Vorst of the University of Manitoba who said in the Free Press just on Saturday, if the lessons from privatization and corporate takeover elsewhere are to be learned, MTS employees can expect a decline in the

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.

I recently read another report in the Free Press regarding the privatization of the CN, the trucking division, and it was a very sad story indeed and made me feel very sad and not a little bit worried about my members and their future. I will quote from that article which is attached to my speech. It says at the beginning of that, "Many people cried as they relived the devastation of being left without jobs or pensions during hearings into the privatization and collapse of CN Rail's trucking arm. Dorothy Dickson started working at CN at the age of 17. For 36 years that is all she knew."

* (2310)

What did she have to say at the end of all this? She said, "I did not want to get up in the morning any more." After eight years of waiting for her pension, Dickson has given up on many things that would keep most people going. "The dreams and plans my husband and I had are gone. I feel cheated. Our dream is gone as far as ever living in a house. It wasn't only the loss of wages that hurt." Later on in the article, it talks about "Some estimate over \$100 million in CN assets were turned over to Route Canada for \$23 million. Following the collapse of Route Canada" some two years later, "employees discovered their pension contributions and unemployment insurance premiums had been spent." I do not want to see that fate in the hands of my members, the employees of MTS.

I want to highlight two issues which underscore what a bad deal this is for MTS employees and users, and I just repeated myself, I do believe.

Picking up where I left off, our members currently have secure pensions through Manitoba's superannuation plan, and I say to you that the Province of Manitoba has a moral obligation to these members to protect their pension earnings now and into the future. The pension issue is not all right. We have no assurance that our pensions will be protected in the future. To proceed with privatization while these issues are outstanding is enormously irresponsible of this government.

Secondly, the people of Manitoba must know that the purpose of this privatization is to facilitate downsizing and contracting out. The principal reason why we are without a contract after almost two years of negotiations is that the company is demanding the unrestricted right to contract out jobs. Why? Why indeed would that be so important to MTS at this time? Because that is what this privatization is intended mainly to achieve, less workers, less wages and less services to Manitobans? Why not be honest? This government does not have the courage to say clearly that it wants rural telephone offices closed down, workers fired and telephone rates for rural users increased dramatically. It will not say these things because Manitobans expect and demand a more compassionate government than that. Is this not what Mr. Baines is talking about when he goes around the province saying that privatization is about freeing the company from government restraints? Other than serving the public interest, just what are these government restraints anyway that we keep hearing about?

Be under no illusion; we are fully aware that a privatized MTS intends to ruthlessly contract out jobs, close telephone offices and increase rates dramatically. Northern users face a 300 percent increase or more in their rates to fulfill the user-pay profit centre concept that this government has for telephone services. Manitobans will pay more, much more, and they will lose jobs which are vital to the economic vitality and viability of our communities and to the social strength of families.

As I mentioned to you at the outset, so discord and reap the whirlwind. We all saw the television coverage of the struggle at General Motors over contracting out. We are organizing that future for Manitoba because we will not give up and meekly walk away from our jobs and our communities for you or for anybody else. This privatization is a shameful act. It will lessen Manitoba. It will hurt people and communities. It is not supported by a majority of Manitobans. You have the ability to ram this through in the coming days. We know that. But you will be held responsible for your actions, make no mistake about that either, because that is just as sure.

Mr. Chairperson: Thank you very much. Questions.

Mr. Ashton: I want to thank Ms. Hadfield, a former constituent of mine, for the excellent presentation. I want to focus in on a couple of the points you have referenced

because one thing the government glosses over and barely even mentions, even in their propaganda sheet, it talks about the MTS workforce in one paragraph, is the potential for some very significant changes to that workforce.

Ms. Hadfield: Absolutely.

Mr. Ashton: You know, what amazes me, they have not looked at Alberta. I phoned Alberta, and I talked to people. I have talked to people who worked in the telephone system, former senior managers, some of them actually living in Manitoba, and one of the first things that happened in that province was that the privatized company laid off hundreds of people throughout Alberta. In some cases, people were forced out the door in an early retirement and hired back at half the wage they were receiving before. Many rural offices and phone centres were closed.

I am wondering, when you say here about the employment, if you do not see the same potential here in Manitoba, given the fact that we are actually going to be following the Alberta model. We are actually having the same kind of privatization here.

Ms. Hadfield: In actual fact, I have also done some research into what happened in Alberta because, yes, that is what we are seeing happen here. The actual number of people who lost their jobs in Alberta Government Telephones was 5,000 of 11,000, so there are 6,000 employees left there. They closed down their phone centres, later found out they had made a mistake. Mind you, on that same issue, we have just closed down the Flin Flon Phone Centre, we have just closed down the one out in Steinbach, and we have just closed down the one in Winkler, so we are not even waiting for privatization to do those things. Back to AGT, AGT closed down their phone centres, realized they had made an error, opened some of them up again, rehired some of those people they had laid off at much less, and, yes, I do see that being repeated here in Manitoba. That is the disgrace of it all.

Mr. Ashton: When you mentioned about Mr. Baines, talking about that privatization is about freeing the company from government restraints—I know the government has been saying about freeing MTS from the shackles of government, which I find is interesting

because they are the government, and they have been since 1988, so it is sort of an indirect criticism of them. Can you maybe explain who Mr. Baines is and what he is referring to?

Ms. Hadfield: Mr. Baines is the new CEO who was hired in January of this year to head up MTS Net.

* (2320)

Mr. Ashton: So what Mr. Baines is doing then is suggesting that without public ownership—and the government of Manitoba is saying, for example, that there should be a focus on ensuring that there are employees in rural Manitoba. There are more than a thousand Manitobans outside the city of Winnipeg who work for MTS. Is what he is saying then that once it is privatized, which could be in effect as early as January 1 next year, that everything and anything could happen because the government is no longer going to be there saying that you have to have decentralized employment and you have to have focus on Manitoba employment?

Ms. Hadfield: I think what Mr. Baines is doing is what he is being well paid to do and that is being the flunky for the government, frankly. He is giving the party line.

Mr. Ashton: I just have one more question. Mr. Sale has a question as well.

I know you were invited out to a meeting of seniors in Morden. We talked about this. I am wondering if you could perhaps—and this followed, by the way, one of our best turnouts in Manitoba in terms of a rally to save MTS, this was back in the winter, and we had a really good turnout in Morden. Three MLAs were there. You went back in, I know, because seniors wanted to talk about MTS and they wanted to talk to somebody who could speak from your perspective.

I am wondering if you could tell the committee what the seniors in Morden—not a die-hard NDP area of the province traditionally, I should say that, in fact; I would say on the record that I think when I went there with the other two MLAs, they probably had not seen an NDPer before—were saying about MTS and what the government is doing.

Ms. Hadfield: Yes, I had actually a very interesting afternoon with them. It was very nice, very pleasant and

they were most courteous. I did a short presentation to them about the history of MTS and my take on what privatization would mean to a place like Morden and to the senior citizens there. It was a warmly received presentation and after the presentation, they all stayed around afterwards to talk to me and to express their dismay that this should happen to them.

One of the gentlemen that stayed around the longest used to own the pharmacy out there, I just cannot recall what his name is now, but he said he used to vote Conservative but that this has really done him in, frankly. So there you go.

Mr. Chairperson: Mr. Sale, for the last question.

Mr. Sale: I want to just ask about the pension issue. When the airports across Canada were privatized, employees were given the option of staying with the federal plan, transferring all or part of their plan benefits to the new company or going completely with the new company. Yet, in this situation, the government legislation seems to say that all the assets of the plan are to go to the private company. Have you studied this issue? Do you have any understanding of why they would want to force those assets to go to the private new company and why they would not be willing to let assets stay with the Superannuation Fund to guarantee pensions?

Ms. Hadfield: I am sorry, but I cannot even second guess why. Sufficient to say that I have been totally and completely disgusted by the fact that they have three unions on the premises at MTS and we have not been consulted, not once, on what should happen with a private pension plan on how that would be done or any of the decision making even though all of the funds in the Superannuation Fund today belong to the employees of MTS.

Not one red cent of MTS's money is in there because their portion of the pension, as you will probably remember, the legislation under the superannuation gave them the right not to put their half or match the contribution and put it into the Superannuation Fund. MTS was given a special dispensation, if you will, to pay their portion of the pension out as they went along. So as people retired, then MTS kicks in their half.

Now, we had a tremendous unfunded liability at MTS in terms of their portion of the pension plan. I remember when I came on staff with the union about 15, 16 years ago now, there was a lot of talk about that unfunded liability. In fact, MTS started to put some money aside for that. If we are to believe everything that is said—and I say that with tongue in cheek these days—then they are almost up to par with their investment in getting their part of the pension put to one side, but they have that in-house, it certainly is not in the pension plan as such.

It really mystifies me how people can make all these decisions about our members' money and the members of IBW and Teams' money without ever talking to the bargaining agents. The only reason that we have had any meetings at all with MTS is because we have demanded those meetings. I think it is absolutely scandalous and shows a total disregard for people. I thought that this government was in here to look after people and to make sure that they were happy little campers, but it seems as though that is all put to the side when it comes to their agenda and people do not matter anymore and that is really a very sad, sad story.

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

I would like to now call Bill Hales. Bill Hales. Not here, his name will be dropped to the bottom of the list.

Debbie Maruntz. Debbie Maruntz. Do you have copies for distribution?

Ms. Debbie Maruntz (Communications, Energy and Paperworkers Union of Canada, Local 7): No.

Mr. Chairperson: No. Did I get your name right?

Ms. Maruntz: Close enough.

Mr. Chairperson: Close. Please proceed.

Ms. Maruntz: Okay. First off I would just like to get an idea of what the logic behind this whole issue is, because there are a lot of people out there who still do not understand it, because Gary Filmon and the Conservatives are the reasoning behind promoting and promising things during the election, like what they could do to help save the Jets when I do not think they—I think

they have realized that it is probably a promise they could not keep. Meanwhile, they talk nothing about the selling off of MTS and now trying to—that they got a good majority, because they did promise the people of this province that they would do everything they could to save the Jets, and they realized that that would help them get into office given the number of seats they needed to get a majority, when they probably knew that it would not get them—or they could not do anything about it. But it would get them enough so they could do and get through legislation such as this, of selling off of MTS, realizing that if they promised the people that during the election they probably would not have gotten in.

They also probably realized that, if they told the public during the election campaign that they were planning on selling MTS, they probably would have lost votes instead of gained, because the majority of votes that they did get were from rural Manitoba where the most opposition to this bill is.

Okay. It was not part of their election platform; therefore a lot of people feel it is not and should not be a part of the mandate of this sitting of the Legislature, of this five-year period. There really is not much public support in the majority of Conservative ridings where there are Conservative MLAs for this legislation. Private ownership of Manitoba Telephone System will create a company that is profit driven as opposed to a corporation that is now customer driven. The main reason why it is being customer driven is because it is owned by the customers that it is there to service and who own it. Those customers not only own it, they have a means of making changes, implementing policy into the company, if they wish, through who they elect. Telephone service has come to be a basic necessity in life.

The Conservatives back in the early 1900s realized that. I do not think much has changed in the last 90 years as far as Conservative philosophy, as far as basic necessities of life. There is a lot of talk about the fact that there is a lot of bureaucracy within MTS, and that is part of the reason why we have to sell it off, that the private sector can do it better than the public sector. Well, who are elected officials, besides the fact that they do come from the public sector to start with? A lot of you people have businesses out there or you work for companies that possibly you are on leave from to sit here while you are in elected office. Are you trying to tell me

that you did a good job while you were out there, and now that you are here you cannot do it good enough, therefore it has to be sold off? To me, that tells me that you do not feel that you are qualified enough to do it here, then what happens when you go back out to the workforce? Are you no longer qualified then either, or what happened once you stepped over into this building when you came out of private life? What changed that you do not think you can run a government or a Crown corporation and what have we been doing for the last 90 years?

The bureaucracy will not decrease, it will just switch from government bureaucracy to corporate bureaucracy and corporate bureaucracy has the same problems that government bureaucracy does. It is a lot of times top heavy and a lot of times people at the top do not always know what is going on at the bottom. Private companies listen to the public a lot less than governments do, especially when it comes to running government and running Crown corporations. Government is a watchdog influence and has some say and control when it owns—if something is part of the government or a Crown corporation. Why should we be like the federal government and sit and complain about, for example, CP and say, oh, we do not have to worry about branch lines when it gets sold off. Within the last month Lloyd Axworthy is on the TV and he is screaming, up in arms, we cannot sell off the branch lines, but there is nothing we can do because we do not own it anymore. What is going to—the government is now saying, we are still going to have control if MTS gets sold off. Do not tell me the same thing is not going to happen here that happened with the railway.

* (2330)

What kind of influence is this government going to have with private enterprise? MTS has always done well when it has been owned by the government, especially when the government has dealt with it as a Crown corporation, like government is supposed to deal with Crown corporations. Government is supposed to deal with Crowns at arm's length. Ninety percent of the time, when government has let MTS run and dealt with it at arm's length, everything has been fine. The only times MTS has had any real problems is when government has interfered, for example, with the sale of cable, and we ended up selling it for 10 percent of what it was really

worth, the MTX scandal. Anything that you can think of that has been a real problem at MTS is because the government has interfered and not stayed at arm's length like it is supposed to with Crown corporations.

Lastly, I would just like to know how this government feels that it has the right and the nerve to sell something to me that I already own. I am a taxpayer of this province. As a taxpayer and as a paying customer of MTS, I feel I am a shareholder just as if I had gone to a stockbroker and bought shares in any other company that I can go out and buy shares in. As a result, I feel that this government, by doing what it is doing, is stealing my rights as a shareholder to have a say or not telling me up front when they were running for election that they were planning on selling it and not holding a vote—

Mr. Chairperson: Two minutes.

Ms. Maruntz: —so all the other shareholders can have an equal and fair ability to make a decision in this. If I do decide to buy shares in this, in something I already own, I feel I would be aiding and abetting a criminal act, because as far as I am concerned, selling this company to me, which is something I already own, is an act of stealing, which is a criminal act in this country. By me, anybody who goes out and buys shares is buying stolen goods and, as a result, is aiding and abetting a criminal act.

Mr. Chairperson: Thank you for your presentation. Are there any questions? Could you stay for some questions, please?

Mr. Ashton: I would like to thank Ms. Maruntz for her presentation. I just want to focus on a couple of points that you raised. It is interesting that you mentioned about CN and the rail line which has been privatized, because the Minister responsible for MTS is also the Minister of Highways and Transportation and, in his capacity as a Minister responsible for Highways and Transportation, has been expressing concern that this privatized company is now trying to get out of the Hudson Bay rail line and the Sherridon line into Lynn Lake. In fact, we had the bizarre situation in the Legislature where he was asking questions about CN and started saying about how CN should not sell off this and do this irresponsible thing. Then I got up as the MTS critic, and I was asking about the privatization of MTS, where exactly the kind of

things we are concerned about with CN that he is criticizing are going to happen with the privatized MTS. I know that, speaking from experience as a northern MLA. I am wondering if you do not feel that perhaps the minister should take off his hat, which is his MTS hat, for the moment and listen to what he says when he is the Minister of Transportation and understand that what you are saying is going to happen if MTS is privatized, and that is, it will not be the same company.

Ms. Maruntz: Yes, I totally agree with that, and that is part of the problem, like the government says, we will still have control. But what? Manitobans will still be able to own a certain percentage. Well, what is stopping, then, me turning around and selling it to someone else and them turning around and selling it to someone else. Let us say, a big company comes in, like AT&T or something, and then they end up—the first step, they will always have some control of who buys, but once it goes beyond me, we have lost everything. The government, no matter what, is going to have no control over anything, and I cannot see how they can be so hypocritical and arrogant and expect that the public is going to take this all in and believe everything they have to say with everything else that is going around. I mean, I just get the impression they think we are real stupid and we are sponges and we are going to soak this all in and it is going to, not spit it back out.

Mr. Ashton: It is interesting you mention that because in Alberta that is exactly what happened. There they had a 5 percent limit on how much anyone could own. Here, by the way, it is 15 percent. I do not think that will affect too many people in this room because that is \$55 million, according to the numbers we have. You can only buy \$55-million worth of shares. What happened in Alberta with the same process as in this bill is that people went around Alberta, and they set up proxies in every bank, some of the senior management at AGT, and what they did, they bypassed this. They just went and got somebody to buy a block of shares, and they went and bought the block of shares off that person.

So I am wondering if you are not suggesting that exactly the same thing can happen here in Manitoba, and that is, once somebody buys these shares, they can do whatever the heck they want with it and that, in fact, AT&T, which has already said it is interested in buying the Manitoba Telephone System, said that on the record.

I can show the members opposite the quotes from the Toronto Daily Star in which Bill Catucci, the president of AT&T Canada, which is a misnomer, says they are—you not saying then that this government better watch out and the people better watch out because the exact same thing will happen here in Manitoba?

Ms. Maruntz: Yes, and I think it is going to cause even more of a drastic problem if a company like AT&T gets in, because it is going to defeat the whole purpose of competition, because right now the primary competition against MTS is AT&T Canada. They already own one-third of Unitel with three of the banks. If they pull in MTS, I mean, where is the competition? It has just gone down the toilet. You are trying to sell MTS because it is competition, and the prime competitor is the first in line and the first person who is interested in buying it. After all of us Manitobans go out and buy our share, who is to say they are going to be behind me and give me money and say, here buy it and then sell it to me when you are done?

Mr. Ashton: Well, exactly. Quite frankly, I do not know why the government is not honest about this and up front about this and explain to people that, as people have said all night, these so-called guarantees or the Manitoba ownership in here are not really worth the paper that this bill is written on.

* (2340)

I want to ask you one final question, because what I found really interesting is the perspective—you know, talking to a lot of MTS employees throughout Manitoba, One thing that a lot of people are saying is MTS is not perfect, and especially the last few years the government has been interfering in a lot of ways, particularly with labour relations, you know, bringing in the Bill 70s and the Bill 22s, et cetera. What I find interesting though is a lot of people, after being really kicked hard by this government on a lot of issues related to wages and salaries and what not, still believe in MTS as a company, as a publicly owned company. I have talked to people who have told me that they like working at MTS for one thing, too, and that is they are working for the people of Manitoba; it is not just another job.

I am wondering if you could maybe put some perspective on that yourself coming from your own

perspective and some of the employees obviously that you would know and work with, just how much you think that that will change if MTS is sold off to a private company.

Ms. Marantz: I think it would change a lot. There is a lot of loyalty there. There is a lot of people with a lot of service who have put a lot of their hearts into it. They are just like anybody else working anywhere else and put in 20-25 years service. They would not have stayed there that long if they did not really believe in it. It is causing a lot of divisiveness within the workforce because there are people who believe one way or the other. Another thing you are saying, too, is a lot of them think enough of the company and believe in it enough that the Crocus Fund was approached to look into assisting employees and finding out about helping them out buy in, and this government just turned a blind eye and would not even listen, would not even talk to them.

A government who is interested in selling, a government who is interested in giving the people of this province an opportunity to buy into something turns a prime opportunity down from the people who have the most vested interest in it is another prime example of the arrogance of this Conservative government and the fact that part of what has built up over the number of years that they have been in here in power, and it is another example to me of the fact that they have been in too long. We should have got rid of them a long time ago.

Mr. Chairperson: Thank you very much for your presentation. I have just been advised that our last call for out-of-town presenter—Sel Burrows has just showed up a little while ago and would like to present. Is there leave of the committee to allow him to present?

Some Honourable Members: Leave.

Mr. Chairperson: There is leave. Mr. Burrows please begin.

Mr. Sel Burrows (Private Citizen): Thank you very much. I do not know if you are all aware that there is a bit of a storm out there. My little pickup truck was just about blown off the highway a couple of times. I do not know if there are a lot of other rural presenters who were not able to make it here, but you may want to think about giving people a second chance, and I appreciate the fact

that you allowed me even though my name had been called.

I live in Gimli constituency at Netley, Manitoba, a place that used to be a town; now it is a grain elevator and a few houses, and gradually, as rural Manitoba is being depopulated, we in rural Manitoba have depended on certain institutions, one being the grain elevators, as a core to maintain our population base and to maintain our economy. You know, the Manitoba Telephone truck that comes around and fixes the telephones, works on things is one of those institutions that rural Manitobans have had to depend on over the years and have had there to depend on, and one starts to wonder where is rural Manitoba going as the privatization first of Manitoba Telephone System and we would assume that Hydro would not be far behind. Where is rural Manitoba going to go? It is a dilemma. As the farms get larger, more and more farmhouses get torn down. It is a dilemma how rural Manitoba is going to survive. Now, Gimli, with a mayor like Mayor Barlow, has done an exceptional job, and meanwhile Selkirk, at the other end, is full of empty storefronts and, even though it has one small industry, is surviving.

You know, I am a parent of three kids and just had my fifth grandchild, and when your kids start to do something wrong, it is a dilemma of how to discipline them, how to put them back on the right path. Some people work with shouting at them; some try reason; some try harsh discipline. Others try a combination of effects on your children and your grandchildren at times—it is one of the great joys of being a grandparent. You can look after the kids for a while and then give them back after a while, but you are still concerned.

This is what I am dealing with right now in this decision to privatize the Manitoba Telephone System. It is sort of like your children who have gone astray, taking something that has been very important to Manitobans and are in danger of doing something that could have serious repercussions to the people of Manitoba.

I do not know if my testimony or the others that might come out here will have any impact on your thinking, but, hopefully, you will take the time and look back historically. I am not a historian, but I understand that the Manitoba Telephone System was built and developed by people of all parties, by Conservatives, Liberals, New

Democrats, that it was held out by Manitobans wherever we went as a matter of pride. We had the lowest telephone rates in North America, still do. We can run a telephone system better than those guys from New York.

We are facing a small tragedy. We are facing the release of something that is very Manitoban, very pure, something that we can be very, very proud of, no matter what background you come from, whether you are an engineer, a farmer, whether you are an economic development consultant, which I was in my last job. You understand economics, or you do not understand economics. The argument that telecommunications is becoming too complex for us poor, puny people in Manitoba to handle and we have to go outside to some great experts, well, that has been taken care of through our agreements through Stentor, where we exchange expertise with other, some private, some government-controlled, enterprises, and we have access through that agreement to all of the expertise that is needed.

Because the new modes of communication that the Telephone System is going to be so crucial to, not only are going to be costly but are also going to be profit generating. The issue of debt that I understand is being raised by the government is not a functional issue, but there are others who can deal with those areas better than I.

I want to talk a little bit about jobs, as Manitoba continues to see the outflow of good-paying jobs. We are faced with the situation with the privatization of the Manitoba Telephone System, one of the things that will be looked at by its new owners is how to get costs down. Will we be looking at operators living in Boston or in North Dakota? Will we be looking at operators that are contracted out that are paid \$5.50 an hour, even less? It was about a month ago, the president of the Manitoba Home Builders' Association was on the radio, totally frustrated. Even with the low interest rates, he could not figure out why Manitobans were not buying new houses. Well, I could explain it to him. First of all, there are fewer good-paying jobs in Manitoba than there were before, and those people with good-paying jobs who can afford to buy a new house are not sure if they are still going to have their jobs. If you work for the Manitoba Telephone System, if you work for Manitoba Hydro, if you work for the Liquor Commission, or if you work for Autopac, they do not know if they are still going to have

a good-paying job, because you may privatize them. Once they are privatized, there will be some good-paying jobs remaining, but many will disappear because the great benefit, they tell us, of privatization is the ability to get away from paying decent wages to many of the people who work for that organization.

The president of the Manitoba Home Builders Association will probably leave Manitoba too because he will have fewer and fewer people who are earning enough money to buy houses. We in Manitoba are going to be faced with a continual economic decline, not only in rural Manitoba but—because I had to have some work done on my car the other day, I had to walk through Winnipeg—

Mr. Chairperson: You have two minutes left.

Mr. Burrows: Thank you very much. I saw the number of vacant store fronts in Winnipeg. I saw the economic decline that is in Winnipeg, and if we take more decent-paying jobs away from Brandon, if we take more decent-paying jobs away from Selkirk and Gimli, Manitoba will be in even further economic decline.

I assume some of you gentlemen and ladies read The Globe and Mail on occasion. There was a fascinating article the other day on Britain on the privatization of the water and sewer system. It was greeted with great glee when it was privatized some years back. Now Britain is facing a serious, serious issue of profit taking out of the system. They are not reinvesting into the maintenance of the water and sewer system, and they are wanting more money at the same time. It is quite likely that governments will be forced, of whatever stripe, to re-nationalize the water and sewer systems in Britain, because water and sewer are of basic importance to health and safety of people in the country.

Well, for those of us who live in rural Manitoba, the telephone is also a basic safety necessity. When there is a storm brewing, even in October—I was just thinking, gee, it is not even November yet, and we have a storm hitting us—if the telephone system is not maintained and when there is an emergency, where are we in rural Manitoba going to be? If it is not profitable for the private sector, will they be there to fix our telephone lines without charging us an enormous amount of money?

* (2350)

Mr. Chairperson: I am sorry, the time is expired.

Mr. Burrows: Okay, fine, I was about to start on another point, but this is a good time to interrupt.

Mr. Chairperson: Questions now.

Mr. Ashton: Yes, I want to thank Mr. Burrows for his presentation. I just want to focus in on a point you raised. You talked about what may happen with jobs at MTS. I find it interesting you talked about operator services being provided elsewhere, because I do not know if you are aware of this, but Bell in Ontario is contracting now, looking at contracting with Arizona for operator services. I always thought there was some irony in that. I guess, when the government said in the last election that they were going to save the Winnipeg Jets and they were not going to sell off MTS, what they did not say, what they really meant was that there were going to be MTS jobs, but they were going to be in Arizona, and people were going to be able to watch the Winnipeg Jets, only they would be called the Phoenix Coyotes at that point. So I wonder if there is not some irony in what they have said. But I wonder if you could focus in on that, because there are 4,000 Manitobans that have jobs, many of which can be instantaneously moved out of the province. I mention operator services, the bills that MTS puts out, the same bills that Bell Canada has. What do you see in the future for MTS if it is privatized?

Mr. Burrows: Well, this is one of my major concerns. The survival of the economy of Manitoba is dependent on keeping decent-paying jobs in Manitoba. An operator is not exactly a high-paid job, but it is cheaper to put them in Arizona or North Dakota. When one phones for an airline reservation, you do not know where that operator you are talking to is sitting. It could be in Vancouver; it could be somewhere in the United States. Once the system is privatized, the only rationale that is used by a private company is, how can they make and maximize their profits, and if that means dumping decent-paid jobs in Brandon, dumping decent-paid jobs in Winnipeg, they will do that, and they will transfer the jobs, whether that be to Phoenix, whether it be to North Dakota. Again, you know, when I have driven through North Dakota, I have seen some of their telephone answering centres that they have, and, gee, are you guys not going to be proud if that happens? It is probably going to.

Mr. Ashton: Well, it is interesting too, because even in this MTS answers sheet, you know, they have a little section here on MTS workforce that does not reference anything in terms of the fact that not only are there not any guarantees, whether it be in rural Manitoba or here in the province, but exactly the kind of thing you are talking about may happen. I just want to focus on something else. You mention about North Dakota. There was a CBC open line show a while ago, six months ago, and somebody phoned in from North Dakota. They talked about what it is like to live with a private phone company, a totally deregulated environment in North Dakota. She said at the time, it cost more to phone the county seat, to the regional centre, than it does to phone Winnipeg. She said, take my advice, do not sell your publicly owned phone company. Do not end up like we are. I wonder what your thoughts on that are too, you mentioned about, you know, with North Dakota, whether you think we are actually headed in that direction.

Mr. Burrows: Well, I think it is fairly unanimous in rural Manitoba that we are petrified at (a) what our phone rates are going to be, and (b) what is it going to cost for local calls versus longer calls? There are all sorts of rumours going around. We look at what has happened in other jurisdictions, and I think our fear is very valid. I think the fear that: (a) our telephone bills, local ownership of a telephone, the basic use of a telephone is going to escalate massively; and secondly, that we are probably going to get stuck with it being more expensive for me to call Gimli or Selkirk than Winnipeg, or to phone New York. These are the crazy things that are happening and without it being owned by Manitobans, who care about service to Manitobans first and running it efficiently and effectively, we are faced with some very scary, very difficult decisions.

I guess I really hope that you will take some time. It took many, many years to create the Manitoba Telephone System, and it seems that in a very, very quick time we are going to lose it. I would hope that some of the issues that I have raised: good jobs, stability in the rural communities, jobs staying in Manitoba—you know, we have not even got into the issue of profit, of money flowing out of Manitoba, out to shareholders who will be residents outside of Manitoba, and that being part of a capital outflow out of Manitoba and out of Canada. We have not got into that issue. All these are crucial things that require more study. This is being rushed much too

quickly. Perhaps if you, gentlemen, and I am sorry, I keep saying gentlemen, it is difficult these days to be politically correct, do you want to say, lady, woman, whatever, the members of the committee would take a longer look at this, take some time, give people more time to testify. I really hope that you will give other rural people, who were not able to get in tonight because of the storm, a second chance at this because it is a crucial issue. The telephone system is part of Manitoba history and I would hate for you to cross it off this urgently.

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

Mr. Burrows: I am just wondering, there are some other people from my area, would you take some time to think about people who could not get in tonight being allowed to?

Mr. Chairperson: Yes, no names have been dropped off the list. So when the meeting is called again they will be called again.

Mr. Burrows: Thank you very much.

Mr. Chairperson: It is very close to the hour of midnight, and there is a motion that says that we would take a look and assess the progress at midnight and not call names after that time. Do we proceed with the—

Mr. Ashton: Just on that, I think the intent of the motion and I think the consensus was that if there are people who want to present after midnight, they should perhaps identify now. You know if they cannot come back tomorrow or at upcoming hearings, perhaps with the table staff, perhaps while this next presenter is presenting, and depending on how many people want to present, we will sit as long as it takes to hear them and then adjourn.

* (0000)

Mr. Chairperson: Is that agreeable with the rest of the committee? [agreed]

In case people did not quite hear Mr. Ashton, it was suggested that when our next presenter comes forward, those that wish to stay and make a presentation, please register with the Sergeant-at-Arms at the back of the

room, so that we do not have to go through the list of names again, if you wish to make a presentation to the committee tonight yet.

I would like to call Rod Fritz forward. Do you have copies?

Mr. Rod Fritz (President, International Brotherhood of Electrical Workers, Local 435): No, I do not.

Mr. Chairperson: You do not. Please proceed.

Mr. Fritz: Thank you, Mr. Chairperson. My name is Rod Fritz. I am the president of the International Brotherhood of Electrical Workers, Local 435, representing craft workers, maintenance, garage mechanics, warehouse people, building maintenance. I have come here tonight to speak about this issue, but I have taken several notes. There have been a lot of good comments here tonight. I hope that the committee takes these comments and studies them.

What I would like to do is just flip through my notes here and talk a little bit about our organization, about unions. I am not too sure how familiar the committee is with unions and how they operate. Just for an example, the IBEW, we hold monthly meetings of our executive and all of the actions of our executive are taken out to our constituents across the province. We go to Brandon, Dauphin, Thompson, Morden, Portage la Prairie, Selkirk, Steinbach, and I only say that just to let you know that we go to our constituents every month to get feedback from them.

One thing I would like to speak about is some of our members out in the rural area refer to us as having perimeter vision and that we do not look past the Perimeter. Talking tonight about having just the meetings here in Winnipeg, I really think the committee should be reconsidering that and thinking about getting out to the rural people. We have talked about the storm tonight that is blowing in; a lot of people are not going to be heard.

One of the issues that our union had a couple of years ago was that there was Bill 22 that was imposed on the Crown corporations and so on. And MTS, at that time, we had a ballot gone out to our members because it was actually contravening our agreement and our hours of

work, so a ballot went to our membership on that issue. I guess it was somewhat of a referendum that we held, and all the unions held, with that.

I had an opportunity, I believe it was this last winter, to hear Mr. Filmon speak in Dugald, Manitoba, a meet-and-greet coffee/lunch that I think Mr. Findlay had put on at the hall. It was my first time to be able to go and sit and listen to the Premier and listen to Mr. Findlay speak. I was really captured by the content of his speech and when he talked about round table discussions that involved the decisions that government makes with Manitobans, I cannot remember the exact words, but it was that the Progressive Conservatives liked to have round table discussions. If there is an issue that is going to affect Manitobans, get the people involved that it is going to affect, so that everybody is aware of it. I believe that was back, I think about January or February at some time.

Since that time, there were no discussions with MTS employees' unions about the privatization issue. There was nothing. We waited; we waited to hear, hoping that somebody would explain to us what was going to happen, but that did not come. In May, when the announcement came, when there was a news conference, I was asked by the media to make a comment on, well, what do you think of this breaking news that they are going to be putting MTS up for sale? I had to tell them, I said, like, I do not know, that we have not had any information. I could not make an educated comment, what is this going to mean. It was like buying behind curtain No. 3. I have absolutely no idea. I am not going to buy into something if I do not know what is behind there.

That was back in May. I made that comment and I thought, well, maybe somehow somebody will pick that up and think, we should be talking to the unions, and we should maybe get them onside at the round table thing, but it never happened. That gives me some concern. I really cannot see how the International Brotherhood of Electrical Workers can buy into the sale of MTS when we still have not been properly informed. I know our members are continually asking us what is going on, what is happening with it, and we do not have an answer for them because we are not hearing anything.

I have heard some of the arguments, that MTS cannot cope with the new technology, and I think we have heard

the other side of that and some of the earlier speakers talking about the press of yesterday or today about the new technology. We are there. The argument is that it is too long to make business decisions, and we heard today it took two or three days to make a decision about the sale of MTS.

We had an incident this summer, an issue where MTS was bidding on burial cable in Ontario, and the company contacted us within three days. We had about a one-hour meeting with the company. There was no union dragging them back. We had a meeting with the company. They came to us. They said, here is the deal. We have to have a tender in by the end of the week, and this is what we want to do. We said, yeah, do it. There was nothing holding them back. Apparently, they were the lower bid, but they still were not accepted on the tender.

So all these things, they do not seem to add up. Same with the selling of the cable. I really believe that was a mistake. I have heard that right now one of the cable companies—I think there were some cable companies in eastern Manitoba that were sold. One of them is apparently up for resale right now. I believe the regulator is going to be ruling on that, and the person is going to make a good dollar on it. Again, like I say, we really do not have all that information.

Dan Kelly was on CJOB sparring with the telephone critic today, and he made a comment that he believed that MTS employees were buying into this. I think Mr. Kelly was taking my comments from this spring, but they were out of context, and that was, yeah, maybe there are opportunities. Please, by all means, let us know. We would like to hear them.

I guess in summarizing this, our big concern, I believe, is the privatization that happened in Alberta and how that equated to job loss, big job loss. Now in Alberta, if you want to get a telephone out there, you phone AGT, they tell you, we can come out and do it for you, but it is going to cost you so much—I am not sure what the fee is, but it is an exorbitant fee, but we have a list of people who used to work for us, and they will come out and do it for you for thirty bucks. So it really seems to take a toll on the workers when we talk about good paying jobs.

Now should this legislation go through, we have grave concerns on our pension, and the CN trucking example

did come up. We really have some concerns about the wording on that.

Mr. Chairperson: Seven minutes left.

Mr. Fritz: Okay, thank you. Some of the other concerns, too, that I can see are the pay per call that we heard about tonight that is happening in B.C. This is going to happen. I mean, it starts in Europe, it works its way through the States, and here it is coming up through British Columbia. It is not going to take long before it works its way over this way. I think that is just part of the evolution, but I really believe that this group should reconsider this legislation, look at it. I do believe that there might be some hope that you may look at it and consider other alternatives, such as the Hydro Bond issue. You know, other than that, there is this perception out there that this is just a cash cow, not just our union membership, but I think the people of Manitoba need an education on where we are heading with this and that information is not available. Thank you very much.

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

Mr. Ashton: Mr. Chairperson, I want to focus in on what you are talking about here in terms of speaking for the employees at MTS and, particularly, people represented by IBEW. You know, one thing that struck me as absolutely amazing about what has happened is that the government talked about various things in its announcement. I was going through the document right now, that this is the document they announced May 2, two days after they received the report, when they decided to sell off MTS, and they talked about this opportunity for employees to buy shares, et cetera.

Are you saying that the government never once sat down with you, either as an employee or IBEW, not once, to discuss the sale or anything to do with how it would impact on employees, or even the participation of employees in the share, and never once did that before they sold it off?

Mr. Fritz: I have not heard a thing.

Mr. Ashton: So it was not just before the sale. Now we are the end of October, the same year, they still have not talked to employees about the future of the company?

* (0010)

Mr. Fritz: There have been some ongoing meetings with the workers at Manitoba Telephone System. I just found out last week the new abbreviations that, I guess, everyone else has been familiar with. IPO, I believe, is what it is referred to. I am not even sure what exactly the abbreviation stands for, but this has been going on for, I think, about the last two weeks or three weeks, that there has been presidents, CEOs going around the province doing these little spiels. I caught wind of it, just by chance, at a union meeting that there was going to be one. Still, we have never had an invitation to one of these, and I attended one. I guess you could call it crashing the party, whatever, but I sat in on one just to find out what was happening. Sitting through one of them, I mean, I talked to some of the members afterwards, and there were still no real answers. I think one member phrased it as still smoke and mirrors; there was no concrete information. I realize some of the information, from what we heard—you know, people went there wanting to know how much the shares are going to be, what kind of deal there was going to be for MTS employees. None of those questions were answered.

Mr. Ashton: I wonder, in fact, if we can get some indication of what an IPO is. I have seen that wording around. I wonder if the minister can explain to members of the public what that refers to. I am not trying to put the minister on the spot; the process is going on anyway. So this is to do with the share issue with employees.

Mr. Findlay: What is your question?

Mr. Ashton: About the IPO meetings that were taking place in terms of the share issue, just to perhaps explain what that process is. I have gotten calls, too. I have had people who are quite confused. I am just wondering if the minister can explain what is going on with that?

Mr. Findlay: When the legislation passes, then a prospectus will be filed with the Securities Commission, and the details will come through that process. The Securities Commission has to approve the prospectus, and it is premature and not responsible for us to comment on what the Securities Commission might eventually rule as the process. They have a lot of say in that.

Mr. Ashton: I am wondering, too, by the way, if there has been any explanation about the reality of what

happens when you end up with a privatized company. I have some information which I will be tabling in the Legislature fairly soon, which tracks the share value of privatized companies, and I am wondering if there has been any explanation that often governments have tried to discount shares to move them, but that many privatized companies now are trading for far less than people actually pay for them at the beginning, British Telecom shares being an example. The best Canadian example is Air Canada, which is trading at an amount which is way less than similar private companies.

I am wondering if there has been any explanation of the fact that when you are dealing with shares, you are dealing with a significant amount of risk—and that it is not like buying a bond—that you could lose money on.

Mr. Fritz: Mr. Ashton, I am still waiting to find out what the definition of a share is. I am sorry. That is where I am starting from. I mean, as far as all those other intricacies, I really could not answer that. The only thing that comes to mind is what I have heard from other people, that some of the CEOs or presidents of some of these privatized companies have shares as part of their compensation package and that in the event of mass layoffs, the shares go up so that it becomes profitable for that CEO or chairman to announce layoffs because the stock is going to go up. I am sorry, that is all I have been told. I wish somebody could educate me more.

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

Mr. Fritz: Thank you very much.

Mr. Chairperson: I have been advised that we have four presenters that wish to still present to the committee. So I would like to call the first presenter Lance Norman to come forward to make his presentation. That is No. 16 on your list. Do you have copies for distribution, Mr. Norman?

Mr. Lance Norman (Manitoba Chamber of Commerce): Yes, Mr. Chairman, I have copies of a resolution passed at the annual general meeting of the Manitoba Chamber of Commerce in April.

Mr. Chairperson: Thank you, you may proceed.

Mr. Norman: In order to shorten my presentation, unless there is some question about the Manitoba Chamber of Commerce, I will be very brief about the background of the organization. Of course, everyone around this table will know that the Manitoba Chamber of Commerce counts 275 leading corporations in this province as direct members. We represent 63 local Chambers of Commerce from all over Manitoba and as such speak for over 8,000 businesses, and is the single largest business organization in Manitoba.

The resolution that I have distributed was passed at the last annual general meeting at the Manitoba Chamber of Commerce, and the issue of privatization of government enterprise was debated. While it is generally accepted in the business community that government should not compete with the private sector, it is also true that there is concern about the impact on business when the candidate for privatization is a major supplier of the goods and services to business. It was therefore felt that rather than developing a resolution for every government enterprise, what was needed was a process of why, when and how government enterprise would be privatized that the business community was comfortable with and which would reconcile those competing interests.

The resolution has been distributed and I will not spend my time in rereading it. The resolution deals, essentially, with five main factors to be considered which are, namely, fair competition, public interest, public consultation, taxpayer protection and other economic considerations.

The following is an analysis of these concerns in the present context: Firstly, with respect to competition, the question that is asked: Is the marketplace being efficiently and competitively served by the private sector? There already is intense private-sector competition in this industry. Indeed, as the communication industries are converging, government-owned telcos are now the exception rather than the rule, and so under the first prong of the first part of the resolution MTS is an obvious candidate for privatization and therefore we proceed on through the resolution.

The next interest, the second prong of the first part of the resolution, is public interest considerations, and the question might be asked: Is there a demonstrated public interest or concern that cannot be addressed by regulation

or licensing? It is the consumer that is the beneficiary of the intense competition in this industry. Residential rates can be expected to continue to rise at the same rate that they would without privatization. However, CRTC, of course, does and will continue to regulate the industry and control rates. From the Manitoba Chamber of Commerce perspective, there are simply no consumer protection issues in this debate. [interjection] I will be happy to debate this outside

Mr. Chairperson: Order, please.

Mr. Norman: The third issue under the resolution is one of public consultation, and the question that flows from the resolution is has the public been made aware of the proposed privatization and has relevant information been disseminated? This issue is one of notice and of public consultation. This process is necessary not only to ensure informed opinion and debate but to allow business to plan for change. In this instance the government certainly made the public aware that privatization was being considered and did commission a barrage of experts to prepare detailed financial and cost-benefit analyses. However, if there was one point of criticism with respect to the process, the government did not release that analyses and recommendations prior to making its decision, and while the decision is a good one and endorsed by the Manitoba Chamber of Commerce, it has not allowed for any informal debate prior to the setting of an agenda or a critical path for privatization. But in fairness, of course, the changes will require legislative changes, and so this is the opportunity for the public to have input and for this question to be debated.

The fourth topic is one of taxpayer protection, and the question that flows from that part of the resolution is what will this cost the taxpayer of Manitoba? As stated in the resolution, the overwhelming consideration in this process, the process of privatization, is protection of the taxpayer. In simple terms, MTS owes the taxpayer of Manitoba \$850 million. The taxpayer of Manitoba also happens to own the equity in MTS of approximately \$300 million. The government is going to sell \$375 million of that debt and the equity of \$300 million through a share offering—IPO stands for initial public offering. The sale is expected to generate, quite rightly—we all know our mathematics—\$700 million in cash approximately, and the government will continue to

hold \$475 million in debt. So it completely balances if one understands a balance sheet.

* (0020)

If the \$700 million cash that was generated through the sale was applied to the public debt, it would free up approximately—taking into account interest differential—\$30 million per year that would otherwise be spent on interest. That is better than what MTS does in profits. This is very good for the taxpayer.

Indeed, investment in a telco must be considered a very risky endeavour, and I am going to quote from Bernard Courtois who is Vice-President of Law & Regulatory Matters for Bell Canada. This is a quote that was referred to in The Globe and Mail Tuesday, September 12, 1995, and I quote: I do not think anybody's making money on long distance. In the case of Bell, we have lost more market share than even our competitors have planned. He says the competitors are suffering because they have chosen to slash prices, leaving them with paper-thin margins as a result. It is certainly arguable that not privatizing MTS would be irresponsible from a taxpayer's point of view.

With respect to the next point in the resolution on economic development, the question that follows is what effect will this have on MTS employment, especially in smaller, rural communities. I would point out, obviously I do not have to repeat this for the members present but perhaps for the gallery, that the Manitoba Chamber of Commerce represents 63 chambers, the Winnipeg Chamber of Commerce being but one, so ours is an organization that is certainly alive to economic development issues in Manitoba and alive to the concerns of the business community and communities in general throughout Manitoba.

Clearly there is a concern of chambers that the effect of privatization will have on the MTS workforce. Certainly workers for MTS comprise some of the customer base for those businesses. MTS even as a Crown corporation has had to operate as a commercial entity. In fact, at the same convention, same annual meeting in the spring, we passed a resolution calling upon those Crown corporations that would not be privatized or other government enterprise to act in a more commercial

fashion, and we outlined a number of considerations. So MTS has to operate as a commercial entity.

The external economic realities in this industry will not change because of an internal recapitalization. However, many have suggested that government has and can use Crown corporations like MTS as a vehicle for economic development and employment and that a privately held company would not do that. That is quite true except that this interference by government always, always results in market artificialities, unfair competition for private business and increases the debt of the enterprise, and if anyone has a question about that, one only need look at the balance sheet of MTS and the accumulated debt of other government enterprises to see this unfortunate truth.

Finally, with respect to other questions, what will prevent huge and other foreign interests from taking control of MTS? There are restrictions that we are satisfied with on individual and foreign shareholdings to prevent majority in shareholdings and takeovers. In addition, in this legislation is maintenance of universal specified services and service levels, maintenance of the head office in Manitoba and a restriction of major transfer disposal of assets, and also there is provision for Manitoba citizens and MTS employees to get first crack at these shares.

In conclusion, therefore, the application of Manitoba Chamber of Commerce policy to this issue leads inexorably to support for this legislation. One final note, the opposition to this legislation has been stated as follows: The government is selling my share as a taxpayer in MTS without consulting me, without giving me anything for it and then letting me buy it back. This is clearly erroneous and must be corrected. Collectively, taxpayers now own the debt and equity of MTS in the amount of \$1.1 billion. After privatization, collectively, taxpayers will get \$700 million in cash and MTS will still owe us \$400 million. The arithmetic adds up.

With that \$700 million in cash, the taxpayer is going to get its choice of one of the following: lower debt, reduced taxes, more services or improved infrastructure. It flows. Those are the only four options that are available. This debate should not be over whether or not to privatize MTS, but rather this debate should revolve around what is to be done with the proceeds of the sale. Manitobans who feel a strong emotional commitment to

MTS, many of whom are chamber members, will have an opportunity to become an actual owner without government as an intermediary. This is everyone's opportunity to buy local.

(Mr. Vice-Chairperson in the Chair)

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

Mr. Ashton: This motion that you prepared was passed at the convention of the Manitoba Chamber of Commerce.

Mr. Norman: Yes, that is correct.

Mr. Ashton: Did that convention also endorse this sale of MTS?

Mr. Norman: The resolution was born from a concern about privatization and about government competition in private industry.

Mr. Ashton: I asked whether there was any motion supporting the sale of MTS at the same convention.

Mr. Norman: That resolution was passed so that we would not have to, as I indicated in my submission, revisit the issue of privatization of government industry. The application of that principle to the sale of MTS has been endorsed by the board of directors of the Manitoba Chamber of Commerce representing 63 Chambers of Commerce in this province.

Mr. Ashton: The reason I asked that is because I know individual chambers have expressed concern about the sale. In fact, I believe there are some resolutions that have been passed by individual chambers so—

Mr. Norman: Not to my knowledge, sir.

Mr. Ashton: Perhaps Mr. Norman may wish to call the Dauphin Chamber of Commerce. I can actually provide him a copy of that resolution.

I am just wondering why the board of the Manitoba Chamber of Commerce would not consult with the other Manitoba Chamber of Commerce members on this issue, specifically given that I think the resolution itself

refers—and I think it is a good resolution, by the way. It refers to the public input being necessary, and information. We can debate some of the criteria that might be used, but would it not make some sense to perhaps canvass the member chambers because I know there has been concern expressed on the issue and even a resolution passed opposing the sale.

Mr. Norman: After the board of directors, the Manitoba Chamber of Commerce considered this issue with reference to MTS. A memo was distributed to all 63 Chambers of Commerce throughout this province on May 2, 1996, advising the decision of the board of directors and analyzing in great detail the legislation for all chambers. To my knowledge, sir, no Chamber of Commerce has passed a resolution in opposition to this.

Mr. Ashton: I can settle that by providing the copy. I think it might be the best way of resolving this.

I am just wondering, I am surprised that the Chamber of Commerce would suggest that—or the board, pardon me, in the presentation today would suggest that there are no consumer protection issues. Are you aware of the way the CRTC operates and particularly the fact that essentially what the CRTC—

[inaudible]

—\$6 a month passed on a tax liability that related to the privatization of that phone company, and what the CRTC does is regulates an ROE of between 10.25 and 12.25 percent. I also have a document here which was tabled—it is part of these MTS technical briefing notes which indicates that in 1995 the return on equity of MTS as a publicly owned company was approximately 6.7 percent.

So I am wondering why the Chamber of Commerce would not see that under that regulation, what you essentially have is a private company can go and say, we are not requesting the same level of return, the 6.7 percent. We want the 10.25 percent that is available, the 12.25 percent. and that is the range for private utilities. In what way is that not a consumer issue? In what way does that not affect rates? When a private company gets a regulated return on equity guaranteed by the CRTC, obviously that is going to affect rates if it is a higher rate of return on equity than we have currently with a public company.

Mr. Norman: The fact that you say that causes me some concern. It is clear that you do not understand the basic concept, the basic business—[interjection]

Mr. Vice-Chairperson: Point of order.

* (0030)

Point of Order

Mrs. Mitchelson: A point of order, Mr. Chairperson, I know the hour is getting late and a lot of people have been here for a long time, but I think we as committee members have paid very close attention to all of the presentations that have been made and I have not noticed a disturbance in the background. I would appreciate if everyone gave the same consideration to all of the presenters that they have received. So I would just ask if you might ask that there be some respect shown to everyone who makes a presentation.

Mr. Vice-Chairperson: The honourable member does have a point of order, and I would ask the co-operation of all people in the audience out of respect for all presenters who are going to be making presentations here tonight and in the future. It is a disturbance and the Chair will not stand for that. I can tell you that now.

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Mr. Vice-Chairperson: Mr. Norman, to finish your response.

Mr. Norman: The whole point is that private industry has always complained that government-run enterprise does not have to pay taxes and therefore that is unfair competition.

Secondly, there is not the ability of a government enterprise to play by the rules, that is to say that if there are losses that would normally force a private sector business out of business, those same rules do not apply by government-run enterprise because the taxpayer is always there to subsidize or bail out the government-run enterprise. So the very fact that you asked that question belies a misunderstanding of what business is saying. The principle is that government-run enterprise in the private sector is unfair for those reasons regardless of its

size, whether it is tree trimming in the city of Winnipeg or running a telephone company in Manitoba.

Mr. Vice-Chairperson: Excuse me, the time has run out.

Mr. Ashton: Mr. Chairperson, there was a point of order during that. I would like to ask at least one more question. I think, in terms of time, it would be fair.

Mr. Vice-Chairperson: What is the will of the committee?

An Honourable Member: Leave.

Mr. Vice-Chairperson: Leave. Leave has been granted.

Mr. Ashton: By the way, I can make this available to you. It is obvious that the Chamber of Commerce has not seen this CRTC decision.

Mr. Norman: I am familiar with it, sir.

Mr. Ashton: By the way, I am wondering if you are aware that in this decision, the private company, AGT, not a publicly owned company, which made the mistake on its taxes, underestimated its tax liability directly resulting from the privatizing, went to the CRTC and said, if we do not get the \$78-million increase that we are requesting in rates, which was \$6 a month, we will only get a 2 percent return on equity. Do you know what the CRTC did—and I have the decision here as well. Maybe the Chamber of Commerce was not aware of this, I appreciate that fact. They said, that is going to be passed on to the consumers. In fact, what happens under regulation under the CRTC, in fact, what happens with the Public Utilities Board, is that you have regulated rates of return, and in this case it means that an error made by a private company, not in a public company, that error was passed on to the consumers of Alberta in the form of a \$6 increase.

I am wondering how the Chamber of Commerce can say, representing, by the way, a lot of small businesses who pay business rates and will be impacted by that regulation, that there is no difference under this when the CRTC is on record, 19th of February, 1996—this, by the way was before the decision to privatize—they passed on

the mistake that that private company made, and guess who is paying the price?

Mr. Vice-Chairperson: Order, please. Mr. Ashton, do you have a question that you want to pose to Mr. Norman? If you do, would you please pose it now?

Mr. Ashton: Mr. Chairperson, I asked if the presenter was aware of that, and I appreciate that a lot of this information was not available. By the way, I do agree with the Chamber of Commerce on one thing, not—

Mr. Vice-Chairperson: Order, please. Have you posed your question, Mr. Ashton?

Point of Order

Mr. Ashton: Mr. Chairperson, just on a point of order. Perhaps you were not listening very carefully, but I asked the member—

Mr. Vice-Chairperson: Are you speaking on a point of order?

Mr. Ashton: Mr. Chairperson, I am speaking to you, and I am asking—

Mr. Vice-Chairperson: No, is it on a point of order?

Mr. Ashton: Mr. Chairperson, you recognized me. I am speaking—

Mr. Vice-Chairperson: No, you have been recognized to pose a question to the presenter.

Mr. Ashton: Mr. Chairperson, on a point of order, if you had been perhaps listening to what I was saying instead of trying to interrupt me you might have heard that I asked the presenter if he was aware of what happened in Alberta when this did take place. That was a question. In fact, I was just stopping that question to allow the member of the public to give that presentation.

Mr. Vice-Chairperson: The honourable member does not have a point of order.

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Mr. Vice-Chairperson: Mr. Norman, would you care to answer the—

Mr. Norman: Yes, aware of the decision of the CRTC, aware of the function of the CRTC, aware of the function of the Public Utilities Board and also aware of the basic principle of running a business that costs are passed on to the consumer.

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

The committee calls Dr. Mary Pankiw, No. 17. It is on your list. Dr. Mary Pankiw, please come forward. Do you have copies of your presentation for the committee.

Ms. Mary Pankiw (President, Manitoba Society of Seniors): Yes, I do.

Mr. Vice-Chairperson: Thank you. You may proceed, Dr. Pankiw.

Ms. Pankiw: My name is Dr. Mary Pankiw. I am the president of Manitoba Society of Seniors, Incorporated.

The Manitoba Society of Seniors of 14,000 members opposes Bill 67, The MTS Reorganization and Consequential Amendments Act. The Manitoba Society of Seniors believes that a well-run Crown corporation can provide less expensive service than a comparable private sector company because: (1) Crown corporations do not pay corporate income tax; (2) Crown corporations do not raise equity capital in the private market; (3) Crown corporations have their debt guaranteed by the Province of Manitoba and therefore do not have to pay full market rates to borrow.

(Mr. Chairperson in the Chair)

These reasons enable Crown corporations to offer services at rates below what equally efficient private sector telephone companies can offer. The Manitoba Society of Seniors is concerned that the privatization of the Manitoba Telephone System will have a negative impact on local telephone rates.

Look at what happened in Alberta. In the six years since Alberta Government Telephones was privatized rates have continually increased. Albertans now pay 34 percent more than Manitobans do for basic phone service. Further, AGT has applied for another \$6 a month increase. AGT has also indicated its intent to increase

rural rates to obtain recovery of the costs of rural phone service.

In short, a private corporation's first duty is to return a profit to its shareholders. The owner's interest in profits overrides the customer's interest in affordable service.

The Manitoba Society of Seniors is also concerned that under privatization the Manitoba Telephone System's commitment to service may be doubtful. Crown corporations have led the way in providing state-of-the-art telecommunication services to their consumers. Community networks are far more developed in Manitoba than in other parts of Canada. In essence, the Manitoba Telephone System provides affordable rates, good service and makes a profit.

Government has the option of acting on alternatives, such as following up on Saskatchewan's offer of amalgamation with their publicly owned phone company, SaskTel. Further, the issuance of MTS bonds for financing MTS expansion is another possibility.

The selling of the Manitoba Telephone System is the first step to higher rates and poor service. When rates go up, phones are not affordable. Our concern is for people on low incomes and for people who live in rural areas and up North. People will be forced to give up their phones, which are a basic necessity and not a luxury, and can be the difference between life and death. In 1996, the Year for the Eradication of Poverty, the sale of the Manitoba Telephone System is definitely a poverty issue. People on low incomes will be unable to afford phones.

The Manitoba Society of Seniors questions what benefits, if any, privatization will bring to consumers. A company that pays shareholder dividends, corporate income tax and raises debt capital in the private market is likely to require a higher rate increase than a public sector corporation. A private sector company that is accountable to its shareholders is less likely to engage in public projects, such as the expansion of individual line service or community networks on the Internet.

* (0040)

The Manitoba Society of Seniors of 14,000 members strongly urges you to reconsider your decision to privatize the Manitoba Telephone System in the interests of

consumers, especially the rural, northern and low-income Manitobans.

Thank you for this opportunity.

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

Mr. Sale: Thank you, Dr. Pankiw, for your presentation. My riding has about 24 percent seniors in it, many of whom are very low-income people, although there are others who are quite comfortably off, but many of them are low income. Could you just explain for the committee, what may not be obvious to all of them, in regard to the essential nature of a telephone for a senior, particularly a low-income senior?

Ms. Pankiw: For seniors, many of them are home-bound, actually need that telephone for their medical appointments, for any emergencies that may arise. They may not be able to go out and buy their things, their groceries, for example, and they may have to do their orders by phone or other services, and it is part of their daily living. Also, it is their only means of contact socially for many of them, and for their general mental health, that also is important.

I think preventative measures also play a role in looking after our seniors. Our seniors have made a contribution to the history of Manitoba, and they still are making a contribution, and they certainly are role models for future generations.

Mr. Ashton: I found it very interesting, Dr. Pankiw, that you referenced Alberta because, once again, I have the Alberta decision here, that I am going to give a copy to Mr. Norman. What happened in Alberta, when they put in that application, one of the groups that opposed the increase was the Alberta Council on Aging. It is very interesting because the people who put the brief together for the Council on Aging in Alberta on this particular increase, which went through, as you pointed out, and results in Albertans paying more for their phone service, outlined the very things that you are pointing out in this brief, that under a private company, because of the tax implications, because of the differences in the way equity capital is raised and, in this case, because of the fact a private company has to make a profit to pay its shareholders so rates will go up.

I am wondering what you feel, what the Manitoba Society of Seniors feels, about the document that the government issued called MTS Answers where they are trying to suggest that we do not have to worry about rate increases when, in fact, you can just look at Alberta and see what has happened under their system.

Ms. Pankiw: Right now, we are living in a society where costs are continually going up and actually seniors, and even people where both parents are working, have to really juggle their money and outline their priorities because they do not know what to pay. I also know that as far as seniors are concerned, they have to say, well, I do not know if I can buy my medication; I do not have enough money; furthermore, I may have to look at stretching it and skip a day or two. So these are some of the things that are happening.

Now, you look at this item. If they have to give up their phones, what contact do they have with the outside world? What is their other recourse for security, for safety? How are they going to contact police in the case of danger? How are they going to notify family in case of emergencies? This is a basic to everyday living, and a government who is of the people, for the people and by the people cannot turn a deaf ear to a basic necessity.

Mr. Chairperson: Mr. Ashton, to ask the last question.

Mr. Ashton: I just want to focus in on the perspective of seniors here, and one of the most interesting phone calls I have had was from a senior a few months ago who said she could not come to any meetings, certainly would not have been able to come to this committee room, and one of the things she said was that she remembered the days when phone service was pretty well something you had to be fairly well off to be able to afford.

I am wondering if you can comment on that from the perspective of seniors, and her concern, by the way, was that she does not want us to go back to those days.

Ms. Pankiw: I can remember when I was a little girl, and it is true, phones were a luxury, and because my father had a fuel company, it was a must that we had a phone. In the entire village, all the people would come to our place to use our phone because we were the only ones with a phone.

Now, as you know, many seniors also cannot get out. Some have canes. Some have walkers. They are most dependent on that phone if it is to notify a loved one of whatever they need or if it is to get contact. Maybe it is even to reach their pastor at church to give them some comfort or console them about something.

So this is something that they actually depend on, they need for security, they need for safety, and as I mentioned, for mental health reasons. If we take that away from them, what else do they have left? Tell me.

Mr. Chairperson: Time has expired for questions. Thank you very much, Dr. Pankiw.

I would like to now call Emile Clune. I understand, Ms. Clune, that you are wishing to make a presentation for another person on this list.

Ms. Clune: Yes, that is correct, Mr. Chairman.

Mr. Chairperson: Okay, then I would have to ask the leave of the committee for you to do that, and the intention is that you will make a presentation for Winnie Chanas. Is there leave of the committee—[interjection] No. 39. So Ms. Clune would make a presentation for Ms. Chanas.

Mr. Ernst: I have no objection, Mr. Chair, for the lady to do that. I just wanted to ask the question, do you intend to make your own presentation?

Ms. Clune: Yes, I do. The reason I did not make my own presentation tonight was that simply I did not have it ready, so that is why I did not present tonight.

Mr. Chairperson: So is there leave on the committee for Ms. Clune to do that? [agreed] Please proceed. Are there copies for distribution?

Ms. Clune: Yes, there are. Just to correct you, Mr. Chairman, my name is Emile Clune.

Mr. Chairperson: Emile Clune, I am sorry.

Ms. Clune: That is all right. I have been called worse.

The following are some of my concerns regarding Bill 67, the privatization of the Manitoba Telephone System.

As indicated before in letters to the Minister responsible for the Manitoba Telephone System, Glen Findlay, and to the Minister of Labour, V.E. Toews, Minister charged with the administration of The Civil Service Act, The Civil Service Superannuation Act, the Manitoba Telephone System has served Manitobans well since 1908. The rates have been reasonable and the service excellent. MTS has the lowest phone rates in North America, and we are certainly proud of these achievements.

* (0050)

How long will a private company keep this in place? Experiences in other provinces has shown that private companies are likely to increase rates much faster than publicly owned companies. AGT in Alberta recently received a six dollar a month increase compared to only \$2 a month in Manitoba. MTS employs nearly 4,000 people in Manitoba. Many of these jobs could be transferred out of the province or disposed of completely.

The profits from MTS stay in Manitoba and help keep our phone service affordable. Since 1990, MTS has made more than \$100 million in profit. In the first six months of this year, profits were \$15 million. Let us keep profits, jobs and decision making here in Manitoba. When we own MTS publicly, we have a say in its future. This will change when a private company takes over. The government cannot be trusted to privatize MTS. It has sold off cable assets which were worth \$50 million for \$11 million. The government of Manitoba has no mandate to sell MTS. It is not theirs to sell. The people of Manitoba are the shareholders of MTS. The one decision that must go to the shareholders for ratification is the sale of the company.

The government deliberately kept the shareholders, the public, in the dark to get past the election. During the provincial election and in the Legislature after the election, they said they were not going to sell MTS. The government has not held any consultation with the people of Manitoba. A big ticket item such as MTS should not be rushed. If the government believes in democracy, a referendum should be called to give the people of Manitoba a chance to express their wishes. Since the election, the government maintained the charade so it could privatize. Quite frankly, they lied.

In 1957, pension rules were antiquated. When an MTS female employee married, she could not belong to the Civil Service Superannuation Board. Many women lost years of their pensions. Now Bill 67, Section 15(8), states that employees are deemed to have consented to the removal of their pensions from CSS to a new private pension plan. I did not give my consent.

The government of Manitoba does not have the right to presume for me; this is my money, not theirs. I am concerned. Ottawa neither guarantees pension plans nor does it protect them. There are federal rules aiming at some assurance for employees that their plan cannot be abused by the company. These rules do not safeguard the pensions themselves.

Are the lessons of privatization and corporate takeover to be learned the hard way? MTS employees, current and future, can expect a decline in the quality of their pension fund and a rapid stripping of any surplus funds that could have been used for improvement or just for long-term stability of current benefits. Moreover, in a privatized restructured 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.

Mr. Findlay states in his letter that the new pension plan will provide benefits that are equivalent in value to the pension benefits that such employees have or will become entitled to under the Civil Service Superannuation Board of Manitoba. Mr. Findlay, Mr. Toews and Mr. Filmon, where are all the answers to our concerns regarding indexing, surplus, amount of dollars transferred, representation of retirees, full representation? These questions have not been answered in our letters written to you, nor have they been answered at the MTS pension information meetings or MTS public brochures. To be fair, these questions should be answered before Bill 67 is pushed ahead. Thank you, Mr. Chairman.

Mr. Chairperson: Thank you for your presentation. Any questions?

Mr. Sale: I just have one question. I believe that you must know the presenter, who is a pensioner presumably of MTS. Do you find it as arrogant and unbelievable as I do that people are deemed to have agreed to something that they have never had a chance to even discuss?

Ms. Clune: I find it absolutely outrageous—absolutely outrageous.

Mr. Chairperson: No more questions? Thank you very much for your presentation.

I would like to now call Holly Cain forward to make a presentation. Number 55.

Ms. Holly Cain (Private Citizen): No handouts and it is extremely brief.

Mr. Chairperson: You have no handouts?

Ms. Cain: No, and it is extremely brief.

Mr. Chairperson: Please proceed.

Ms. Cain: The Manitoba Telephone System belongs to the people of Manitoba and that decision to sell should be made by all of the people of Manitoba, not the small handful of politicians who had to play word games in order to get elected. Manitobans who desperately wanted to hang onto the Winnipeg Jets re-elected the Tory government and are now paying for it with the loss of their telephone company.

I personally see no difference between politicians selling off MTS and those criminals who sweet-talk their victims into opening their doors just so they could rob them, robbing them not only of their valuables but of their trust and humanity. If the Tory government really wants to prove to the people of Manitoba that they are genuinely concerned for their welfare, then let the real owners, the Manitobans, everyone throughout the whole province, make that decision as to what is best for them.

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

Mr. Ashton: I thank the presenter. I think there is a consistent theme tonight. A lot of people are saying that the government does not have the right to sell off MTS, and I find it interesting that you reference the election. I am wondering, too, you obviously do not feel the government should be doing this, what is the talk of people that you are talking to? Is there a lot of support out there for selling off MTS, or do they want to see it publicly—

Ms. Cain: There is no support for the Tories, that is what I could say. They want to keep Manitoba Telephone System, but when they hear the word "Tories" they know what that means. Unfortunately, they know as soon as they hear the word "Tory" that they cannot trust them.

Mr. Ashton: This is one area that I have had some difficulty with in the sense that I have been told to my face in the Legislature that the government has no intent of selling off MTS and, of course, we are seeing that that was not the case.

What is interesting, too, the most bizarre part was we in the opposition were the ones that basically put the issue on the agenda in the sense of when they appointed these investment bankers, it was we in the opposition that found that out and forced them to give the first indication they were looking at selling MTS. I am wondering if you feel it is appropriate at all for this government to not only not run in the election and then repeated the same sort of thing in the House, but it made the decision to sell off MTS in two days. They got their report April 30 and two days later, they decided to sell off MTS. Do you think that is any way to run a province?

Ms. Cain: Of course it is no way to run a province, but it seems to be that it all seems to be word games. It is kind of like one will say something while the other one's doing it behind their—he is planning. He says, well, I do not know what he is doing. Well, he may not know exactly what he is doing at that moment. That is why he can say, I do not know why he is doing it. It is all word games, and that is how all these things are getting passed.

Mr. Ashton: I am wondering then, too, given that fact, whether you think the only way to deal with this issue is not through this bill and through this committee but to put it to a vote of the people of Manitoba.

Ms. Cain: Yes, I do. I do believe that all Manitobans should have a say in this.

Mr. Ashton: I realize it is late, and I want to thank the presenter and everyone that stayed this late and thanks again for your presentation.

Ms. Cain: Thank you.

Mr. Chairperson: Thank you very much for your presentation. Is there anybody else in the audience that would still like to make a presentation to the committee tonight?

Seeing none, committee rise until tomorrow, October 30, at 6:30 p.m.

COMMITTEE ROSE AT: 12:59 a.m.

WRITTEN SUBMISSIONS PRESENTED BUT NOT READ

Bill 67—The Manitoba Telephone System Reorganization and Consequential Amendments Act, presented by Bud Shiaro, Selkirk, Manitoba

A Manitoba Heritage

In 1908 the Manitoba Telephone System became the first government-owned telephone system in North America. The system was established by a Conservative government in order that all people in Manitoba might have affordable access to telephone communications. Much has changed since those early days of communication. The people of Manitoba have become the owners of a very valuable technological resource, a resource that has placed Manitoba in a strategic position envied by other provincial governments that did not have the foresight to establish a government-owned system, a technological resource that would allow the government to develop the ability of the province of Manitoba to become leaders in the information age.

Since the Manitoba Telephone System was established in 1908 it has met and exceeded its mandate to provide low-cost telephone service. The people of Manitoba enjoy telephone rates that are amongst the lowest in North America. While meeting the mandate of low cost telephone service to all areas of Manitoba, the MTS has made a profit to return to the people of Manitoba. Since 1990 MTS has made more than \$100 million in profits. In 1995 MTS made more than \$15 million profit.

The foresight of successive governments in Manitoba since 1908 is being discarded. The Manitoba Telephone System has now become a symbol of the loss of democracy in our province. This has been accomplished in a matter of months. Over 90 years of fairness to the

people of Manitoba is being thrown aside in the name of privatization. The people of Manitoba are once again being put in the position of subsidizing the private sector.

Misplaced Trust

The Filmon government's so-called sale of the MTS is nothing short of a political con job. Telling the people of Manitoba that they can buy what they already own is nothing less than a shell game. It certainly is less than that which the people of Manitoba have a right to expect of a government in a democratic society. The most glaring example of this less than democratic approach to governing by the Filmon Conservatives is the fact that at no time during the last provincial election did the Filmonites state that if elected they would sell off MTS.

On May 24, 1995, Mr. Ashton of the NDP asked Mr. Filmon in the House "if he can indicate whether this government has any plans whatsoever to privatize part or all of the Manitoba Telephone System? In fact, will he assure Manitobans we will maintain public ownership of the Manitoba Telephone System within the province of Manitoba as a Crown corporation?" Hansard, Vol. XLV, No. 2. Mr. Filmon responded by stating "I can indicate that we do not have any plans to do that. We continue always to operate on a pragmatic basis. We continue to always look at ways in which we can ensure our economy will grow, that we will take advantage of new technology, of all the things that are important to us as an economy and society."

Now if one was to answer a question in an obtuse manner then one might give any manner of meaning to the words of our Premier. However, if one is to continue to believe that Mr. Filmon believes in and practises all aspects of a democratic and caring form of government, then one must believe that Mr. Filmon clearly answered Mr. Ashton's question in an unequivocal manner. Mr. Filmon clearly stated that he had no intention of privatizing any or all of MTS.

Then Mr. Filmon went on to partition and privatize MTS. He sold the cable operations of MTS for \$11.5 million. An internal MTS report released three months before the sale stated that the value of the cable portion of MTS to be greater than \$70 million. Winnipeg Sun, May 10, 1996. The report went on to say that the wires and transmission equipment are "a little gold mine in the

information age." Furthermore the report states that "cable operators could use those wires to offer local phone service and may one day steal away hundreds of millions worth of MTS business."

When Mr. Findlay, as the Minister responsible for MTS, was questioned about the report he stated "the valuation we had was \$7.5 million." When pressed for details Mr. Findlay stated "I cannot remember the company but somebody was hired to do it." Mr. Filmon stated that he and his government operate on a pragmatic basis. Surely there is little sensible about giving way nearly \$60 million of public money. Surely it is anything but pragmatic to put a person who suffers apparent memory lapse in charge of a Crown corporation with the economical and strategic value of MTS.

Mr. Filmon oversaw a deal that give Faneuil, an American telemarketer, a \$47 million contract that included the right to use the MTS customer database for seven years. Faneuil gave up \$16 million in shares for the right to the database. Mr. Filmon gave up \$47 million and control over the way in which MTS could take advantage of a multimillion dollar industry. Winnipeg Sun, June 5, 1996.

Mr. Filmon stated unequivocally that he operates in a pragmatic manner on behalf of Manitoba's society. Giving up \$47 million to make \$16 million is less than pragmatic. Giving up control of the portion of a business with a multimillion dollar potential is simply a manner of operation that more closely resembles obtuse than pragmatic.

The Filmon government has chosen to ignore Manitobans who are the owners of the MTS. A public utility with assets in excess of \$1 billion represents a large portion of the wealth owned jointly by all Manitobans. Surely the Filmon government must seek approval of all Manitobans prior to making any decision to privatize the MTS. Perhaps the most important thing that MTS now represents to Manitobans is the loss of democracy in our province. This loss can still be reversed.

Restoring Confidence

The government should consider the following reasons to withdraw Bill 67:

(1) The special share that the Manitoba government will hold in the privatized telephone system is likely to be relatively short term in duration. Section 13(8) of the bill provides for the redemption of Crown shares by the corporation. This section is entitled Crown vote ceases. It would be better if it were noted as public control of the Manitoba Telephone ceases.

The following is an example of why Bill 67 will put the people of Manitoba at economic risk.

The private insurance companies claim to be one of the most competitive private industries in Canada. This industry has balked at banks getting into the insurance business, claiming that the banks would have an unfair advantage in an already lean, competitive marketplace.

In spite of this assertion by the insurance industry the Manitoba Public Insurance Corporation states that Manitobans are paying some of the lowest insurance rates in Canada under the publicly owned Autopac. (Road Wise information leaflet.)

In fact, the government leaflet which accompanies all notices of renewal indicates that we are second only to the public insurance of Saskatchewan. We are also at approximately one-third the cost of insurance in the newest heartland of competition, Toronto.

It would seem prudent to reconsider the need for this bill and to further consider the advantages to all Manitobans of owning their own telephone system.

(2) The cable television industry is seeking cable rate deregulation. Winnipeg Free Press, October 10, 1996. The Free Press article goes on to say "The cable television industry wants to charge what the market will bear in Canada's largest communities by early 1998." The article notes that "Major phone companies also have their eyes on the market." It would seem to be good business sense to attempt to lessen one's losses. A government that has literally given away its cable component of its telephone system should admit its mistake. This government should not put the people of Manitoba at further risk in the marketplace.

(3) This government has an obligation to consider the well-being of all people in Manitoba. Presently the profits of the Manitoba Telephone System are returned to

all Manitobans. This is after jobs are created and paid for, capital is invested in and new workers are trained along with the upgrading of present long-term employees. This type of investment in our people and our communities cannot be assured by the government once it privatizes the telephone system. Bill 67 has the potential to rob the people of Manitoba of this economic planning power.

Withdraw Bill 67

This government should drop this bill. If the government is not prepared to drop this bill then it should find the courage to call an immediate election. Make the sale of Manitoba Telephone System the platform upon which this government goes to the people of Manitoba. Let the people of Manitoba decide the fate of their telephone system.

* * *

Brief to the Legislative Committee on Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act by Save Our Telephone System, presented by Paula Mallea

Save Our Manitoba Telephone System

I. Introduction

The original Manitoba Telephone System was created by a Conservative government in 1908. Premier Rodmond Roblin said it was a good commercial proposition and profits would belong to the people of Manitoba. This telephone system was created at a time when large numbers of telephone companies were competing for business. Although today's government insists that it is compelled to sell MTS because MTS no longer enjoys a monopoly, it is important to note that the system did not enjoy a monopoly in 1908. Yet the government of the day clearly believed that a government-owned system was the best solution for providing service to Manitobans.

The record of the MTS has been excellent, both in serving all members of the community and in maintaining fiscal health for the company. This is true even though long distance services have recently been opened up to competition, and even though the company has been

divested of some of its most lucrative services through sell-offs to private enterprise.

Although the present government cites as one reason for privatizing MTS the fact that it has over \$800 million worth of debt, it is also true that MTS has somewhere between \$1 billion and \$1.5 billion worth of assets. A substantial portion of the debt was incurred in paying for the Service for the Future program which upgraded the system in rural and northern Manitoba with fibre optics, extending individual line service to some 47,000 multiline residential and business customers. Approximately \$650 million of the debt is related to this single effort to provide affordable services to all Manitobans.

Since 1990 MTS has made profits of over \$100 million. In 1995 MTS made more than \$15 million in addition to paying down its debt. It has done so while providing affordable, province-wide services and despite the fact that long distance is now open to competition. It has also done so despite the fact that some of its most profitable services are now in the hands of private businesses.

II. The sell-off of revenue-generating services.

I. Cable. In 1993 a report by Ernst and Young said that the fact that MTS owned the cable network placed MTS in a rare and fortunate position. Other telephone companies were in the business of trying to acquire such cable assets because these are thought to be essential to the future success of phone companies. In this light, said the report, it would be most unfortunate for a telephone utility to lose control over coaxial cable that it currently owns.

A valuation and commentary of MTS's corporate business planning department dated January 10, 1994, shows that the cable distribution network had a strategic worth in the order of \$63 million. Yet Minister Findlay indicates that he relied upon a report of Deloitte Touche which gave the asset a book value of \$7.5 million. Adopting the book value approach resulted in a failure to recognize the actual economic value of the asset, and the cable network was sold for only \$11.5 million.

It has also been suggested that senior management at MTS did not support the sale of the cable asset and believed that it was given away for much less than its real

value to the corporation. Despite this, MTS has now lost one of its best revenue generators.

2. Telemarketing. Another significant source of potential revenues for MTS was in the area of telemarketing. Faneuil ISG obtained a \$47-million contract with MTS through the good offices of Mike Bessey, a friend of the Premier (Mr. Filmon) and influential member of his inner circle. Mr. Bessey, according to John Scurfield's report, had a personal \$400,000 arrangement with one of the officers of Faneuil. At the same time, NDP MLA Timothy Sale has accused a former senior servant, Charles Feaver, of departing to become a senior executive at Faneuil shortly after he had been influential in arguing down the price of the cable network before the MTS's board of directors.

Both the sale of the cable network and that of the telemarketing contract have resulted in the stripping of MTS's assets and consequent ability to generate revenues. It is remarkable that the corporation has been able to generate profits in recent years as well as manage its debt, in view of the government's seeming inability to recognize the damage which is being done by selling off assets piecemeal and for a fraction of their worth.

III. Effects of privatization of other telephone systems.

In Alberta the telephone service was broken into a number of components in 1990 and then sold. As with many privatizations, shares were undervalued in order to attract buyers. As in Manitoba, the government promised to try to keep ownership of the shares in the province. However, fewer than 10 percent of Albertans bought shares in AGT, and shares of the company now trade on the Toronto Stock Exchange.

As in Manitoba, the original mandate of AGT was to provide low-cost service. However, it is now one of the most aggressive phone companies in Canada in terms of rate increases. Although local rates remained fairly stable for several years after privatization, they have shot up dramatically in 1996 in order to increase investor's return on their money. It is expected that the next increase will double the price of the local phone calls within the next year.

The most current information available on AGT's rates show that residential rates have increased between 42.9 percent and 54.1 percent between December 1995 and

February 19, 1996, in a little over one year. Proposed increases for January 1, 1997, will see residential rates increase between 78.7 percent and 108.5 percent from December 1995. The CRTC decisions in February 1996 provided AGT with a \$6 per month increase, while at the same time approving only a \$2 per month increase in Manitoba. This shows the difference between the way the CRTC deals with a private corporation as opposed to a public one.

Albertans now pay 34 percent more than Manitobans do for basic phone service, and AGT has said it will raise rural rates to achieve a full recovery of the costs of rural phone service. If the same is done in Manitoba, western Manitobans will pay \$35.56 for residential rates as opposed to the \$12.90 they pay now, and northern Manitobans would pay \$48.64 instead of \$11.75.

When AGT privatized about five years ago, all of the phone centres were closed and 4,000 employees were laid off. Some of the centres were later reopened, but AGT then applied for a 13 percent rate increase on local service from the CRTC, which ultimately granted an 8 percent increase. The final tally on employment is that the number of jobs has been reduced to about 50 percent compared to before privatization.

The model which the Manitoba government is considering for MTS appears to be the same as the Alberta model. MTS has already been broken into four separate components. Now the Manitoba government is ready to legislate, without public input, a public offering of shares.

British Columbia has also privatized its telephone system. It is now seeking from the CRTC the right to charge for each and every local telephone call.

Both the B.C. and the Alberta telephone systems are paying dividends to shareholders of slightly more than 5 percent. This is money which is going into a few private hands, when it could have been used for the future benefit of all of the taxpayers of those provinces. Like B.C. and Alberta, the Manitoba government is raising rates, selling off assets and cutting jobs in order to guarantee large profits to the new private buyers.

IV. The legislation: No guarantees.

The Manitoba government has claimed that under its privatization scheme Manitobans will remain in control

of MTS. That is not true. Although the legislation stipulates that the head office of MTS must remain in the province (S.12), this does not confer control to Manitobans in any way. Already, the corporation is being run more or less from the outside. Since the restructuring into four separate components, the highly paid CEOs of those components have all been hired from elsewhere. Two have worked for the American owned cosmetics company Mary Kay. It is rumoured that at least some of these new presidents continue to live out-of-province and commute, at our expense, to their jobs in Winnipeg.

Similarly, although a majority of the directors of the corporation shall be ordinarily resident in the province, (S.13(4)), it is axiomatic that directors of a private corporation only exist to do the bidding of their shareholders. If most of the shares are owned by people who live outside Manitoba, and under the legislation it is possible that all of the shareholders may be non-Manitobans, then it is non-Manitobans who will dictate the policy of the new MTS.

Although the first board of directors is to be named by the government (S.13(3)), no term for holding office is stipulated. Thus, the first board of directors may be removed and replaced at any time. At this point the government may name only four of the nine to 15 directors (S.13(5)). Then, once the debt is paid off, another matter which can be dealt with speedily, shareholders will elect all of the members of the board of directors, (S.13(8)).

Individuals are restricted to owning no more than 15 percent of the shares of the corporation, (S.18(1)), but the government may grant an exception to allow for individuals to own up to 25 percent. As well, nonresidents of Canada may own up to 25 percent of the shares other than by way of security only, (S.17(1)). Thus one individual who is a resident of Canada plus one nonresident could control 50 percent of the shares of MTS. Neither of them need reside in Manitoba and neither would have any particular commitment to serving the people of Manitoba. Even worse is a possible interpretation of (S.17(1)) which would permit any number of nonresidents of Canada to own 25 percent each. The legislation is drafted in such an ambiguous fashion that one could argue it permits this result. In this event, MTS could fall under the control of non-Canadians.

Completely unambiguous are Ss. 11 and 14(3) of Bill 67, which say that once the debt is paid off, virtually all of the above guarantees are repealed. Thus, MTS can be owned by a single buyer from outside Manitoba almost immediately.

The government has also indicated that Manitobans are expected to be the majority shareholders. Yet there is nothing in the legislation to indicate that this is a likely result. There are, in fact, no guarantees. The details of the share offering await the filing of a prospectus with the Manitoba Securities Commission after the legislation privatizing MTS is passed. So far the legislation merely says that residents of the province shall be entitled to a preference with respect to a majority of the common shares issued to the Crown under Clause 7(1)(b), S.16(2). However, Clause 7(1)(b) says that the number of such shares shall be determined by the board in consideration and satisfaction of such amount of indebtedness to the Crown as is determined by the government. How many such shares will there be? Will they be affordable to ordinary Manitobans? Will the special sales period for Manitobans, if there is one, be adequate, and will it be adequately advertised? These are all questions which remain unanswered.

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 will be protected. The government proposes that there will be a buy-Manitoba preferential share offering which will grant Manitobans special treatment by offering them the opportunity to purchase shares during an exclusive Manitoba only-sales period. Minister Glen Findlay says, this will be a widely held public company with the majority of shareholders expected to be Manitobans themselves.

Experts differ widely as to their assessment of the type of privatization scheme which is being proposed here. Bob Meaden, a financial adviser at Midland Walwyn, says he thinks the MTS stock will be reasonably priced, with a minimum purchase of \$1,000. He says this will be a good value for the retail customer.

A minimum purchase price of \$1,000 will be beyond the reach of most Manitobans. For those who can afford this price tag, a reasonable alternative to purchasing

private shares in the company would be to contribute to the well-being of our public corporation through a type of builder bond like the highly successfully HydroBonds. This way, those who can afford to support the utility may do so without removing the control of the company from the hands of all Manitoban taxpayers and placing it in a few private hands.

Other experts are more skeptical about the privatization of MTS. Independent financial counsellor Lyle Atkins has said he would reserve judgment until he has seen an investment prospectus from the province. Again, such a prospectus will only be made available after the privatization has already taken place. One might interpret his reservations as a real concern that the legislation being proposed is not sufficiently detailed.

Bill Stanbury, a teacher of competition policy and privatization at the University of British Columbia and a supporter of privatizations in general, also says the Manitoba plan raises serious questions. Among them he says, the effect of a share offering to Manitobans could be to redistribute wealth from those who do not buy to those who do. He points out that initial share offerings of Crown corporations usually are underpriced to avoid failure and that in the Manitoba case the share price might have to be even lower if the province intends to restrict the sale to Manitobans, with the result that MTS would be sold for much less than its economic worth, just as the cable network was. He says that normally less than 10 percent of the population buy shares and then the shares almost immediately shoot up in value. This happened, for example, in the cases of CN Rail and AGT.

Thus, a relatively small number of people could profit handsomely from an asset for which the rest of the population has paid. Professor Stanbury predicted that the government of Manitoba would likely only net about \$225 million. This is not a reasonable return for a corporation whose book value is \$1.5 billion. Stanbury also warned that it would be difficult, if not impossible, for the shares to be kept in Manitoba after the first sale.

V. The government's reasons for privatization.

(1) The effects of competition. On May 24, 1995, Premier Filmon said that the government had no plans to privatize MTS. We are not driven ideologically or are

hidebound, he said. On September 26, 1995, after MTS was broken into four divisions, Minister Glen Findlay said that the restructuring was done for reasons that have nothing to do with privatization. Privatization, as a principle, is not driving the organization, not at all. Yet in December 1995 the government hired three brokerage houses to evaluate MTS and make recommendations. Richardsons Greenshields, Wood Gundy and RBC Dominion Securities naturally recommended the privatization. This is not surprising, since brokerages are in the business of seeking new and attractive investments for their investors. To say that their evaluation of MTS was superficial would be to understate the case.

The government announced on May 2, 1996, that MTS would be privatized. This was two days after the preparation of the 1995 Annual Report of MTS, which lauded the company for its successful year, made no mention of imminent privatization, and spoke of coping with changes in a climate of trust and co-operation, p. 7. Thus, it is unlikely that the decision to privatize was based upon the opinion of the three brokerage houses, since their evaluation is also dated April 30, 1996. On the contrary, it appears that the government decided to privatize MTS and then sought support for its decision, and advice on a good selling price, after the fact. It would appear that ideology rather than good sense has been the motivating factor behind Bill 67.

This particular ideology proposes that competition is always healthy for an industry and that it results in better service at lower rates for the public. The evidence is to the contrary. See the histories of B.C.Tel and AGT. Manitoba rates are among the lowest in North America, and its service is among the best.

There would clearly be no incentive for private enterprise to continue offering services in rural and northern areas of Manitoba, where we know substantial subsidies are required in order to continue providing those services. Private corporations bent on profit making will not continue with a money-losing proposition. Service to all Manitobans will not be their No. 1 priority. Similarly, there will be no incentive to try to keep local rates under control; rather, the incentive will be to maximize profits for shareholders. What this could mean in Manitoba is that the new private owner will see profit only in servicing Winnipeg.

The evidence is that MTS has been competing extremely well despite the new competition in the market. The most recent available figures show that MTS has retained 96 percent of the residential long distance phone market and 86 percent of the business market. Even though some market share will have been lost of late because of the advent of Equal Access, permitting easier access to the competition, MTS has been making an excellent showing. This says much for the efficiency of MTS service and much about the loyalty of Manitobans to their publicly owned corporation. Although it can only be expected that consumers will try out the competition when it first becomes available, there is evidence that dissatisfaction with rates and service is sending people back to MTS. If the government has its way these consumers will have no publicly owned system to return to, but only another aggressive AT&T or Sprint clone.

The annual report further says that the corporation maintained its customer base in an increasingly competitive marketplace, expanded and upgraded its networks and added new services while continuing with its efforts to cut costs, streamline operations and position itself for the future, p.8.

During the past year Manitoba became one of the first Canadian provinces to offer certain services such as digital switching, p. 12. In Ontario and Quebec, where Bell Canada runs the system, nearly half a million customers are still served by antiquated, electro-mechanical switching devices. Manitobans enjoy private-line service everywhere in the province while Bell is still struggling to provide this service to 61,000 of its customers in Ontario and Quebec. Manitoba's program for access to the Internet, Blue Sky, is one of the best in the country, and our government wants to sell MTS?

Sprint and Unitel, AT&T Canada, are already aggressively offering cut-rate long distance services in an effort to attract people away from MTS. Past experience has shown that as soon as these private companies have lured customers to their service, their rates rise relentlessly. The government argues that rates have to rise somewhat over time. However, the people of Manitoba would prefer to have their own publicly owned MTS making submissions to the CRTC rather than an aggressive AT&T which has no commitment to providing service to all Manitobans. If it turns out that the CRTC disagrees with MTS's present mandate to provide a

public service at cost, then the logical response would be for Manitobans to take on the CRTC and fight for this mandate, not to privatize the system.

Any profits which accrue to MTS presently are returned to the people of Manitoba. These monies can then be put to use purchasing new technologies, paying down MTS's debt, providing better service at affordable rates. Once the control of MTS goes into private hands, these profits will be distributed as dividends to those individuals who have been wealthy enough to be able to purchase shares while the rates will continue to go up in order to pay for the shortfall. The result will be a massive redistribution of wealth from rural and northern Manitobans to shareholders of the new system.

(2) The size of MTS's debt. Minister Findlay says we cannot continue to risk the money of the people of Manitoba in purchasing new technologies when MTS no longer has a monopoly. Yet it is the people of Manitoba who own this corporation and who should be able to decide what technologies to buy, whether to buy them and how to pay for them. The people of Manitoba would prefer to tackle MTS's debt through the purchase of bonds rather than by privatization.

MTS's debt-equity ratio is higher at 75-25 than that of private corporations, but is not high for a publicly owned utility. For example, it is not as high as that of Manitoba Hydro—90-10. The ability of a publicly owned MTS to manage its debt is enhanced by the fact that it does not have to deal with additional cost factors which accrue to privately-owned corporations, viz.:

1. Private corporations must raise equity capital in the private market; that is, they must pay dividends to shareholders.
2. Private corporations must pay corporate income tax, something MTS is not required to do.
3. Private corporations do not have their debt guaranteed by the Province of Manitoba. Thus, they must pay full market rates to borrow money, not the preferred rates available to MTS by virtue of its status as a Crown corporation. In the spring of 1995, as an example, the Dominion Bond Rating Service revised the credit status of MTS upwards while at the same time revising the private sector Stentor telephone companies' credit rating downwards.

These additional costs will be paid for by rate hikes if MTS is privatized.

The MTS debt is fully self-sustaining and is not unmanageably high although more funds would have been available to defray the debt if the government had not sold off two of the most lucrative assets, cable and telemarketing. Nevertheless, there is no evidence that a publicly-owned MTS will be unable to manage its debt in the future. The government says on the one hand that it does not wish to risk the monies of the people of Manitoba in such a high-debt situation. Yet on the other hand it is apparently prepared to forgive a large part of the debt once the corporation is sold to private investors. Why should Manitobans pay the debt on behalf of private investors who then will own an asset which used to belong to Manitobans?

VI. Serious problems with privatization of MTS.

(1) Job losses. MTS injects about \$450 million into the Manitoba economy every year. As well, it employs nearly 4,000 Manitobans. There is no guarantee that these jobs will remain in Manitoba or that the millions of dollars worth of business will not be siphoned off to other provinces and countries.

When Unitel came into the Manitoba market virtually all of the jobs associated with that operation were removed to Ontario. It is expected that the privatization of MTS will result in large job losses throughout Manitoba by way of layoffs as well as the migration of jobs to Winnipeg or out of the province. Further job losses will occur indirectly in other businesses which presently supply goods and services to MTS. There is no guarantee that the new owners will continue to use local services, goods providers. Those jobs which remain will suffer from the uncertainty of the new regime. For example, will these jobs be union jobs or will the new owners fight to keep unions out? What will this mean for the levels of pay and benefits of whatever jobs remain here?

There is a double punishment inherent in privatization for rural Manitobans: They can expect to lose a number of jobs, and they can expect to pay much higher rates for their basic telephone service.

(2) Security of former employees in doubt. Another area of concern involves the security of former employees

of MTS. This part of Bill 67 is extraordinarily undemocratic and arrogant. The legislation specifically hands over to the new shareholders all responsibility for the Civil Service Superannuation Fund, and it does so without the need for notice to those employees affected, and with their deemed consent.

The group insurance benefits under The Public Servants Insurance Act will also be controlled by the new shareholders. This leaves former employees uncertain as to exactly what benefits will be provided under the new schemes.

(3) Rate hikes and loss of service to particular Manitobans. Among those Manitobans who stand to lose the most from the privatization of MTS are those who rely upon local telephone services. Rural and northern Manitobans will be unable to afford the much higher local rates which can confidently be predicted under a private regime. Elderly people who rely upon the telephone to stay in contact with the world and to summon emergency help will have to find some alternative. Anyone on a fixed income, seniors, those on social assistance and so on, will have trouble meeting the additional costs of local rates. Women in isolated and abusive situations will have no means by which they can call urgently for help. Countless nonprofit organizations which rely heavily upon the telephone to conduct their business and raise money through local telephone calls will be unable to continue. Small businesses will suffer as well.

(4) Failure to consult the public. MTS is a publicly owned corporation. The government has no mandate to legislate its privatization without the consent of the public, and the Premier specifically stated less than a year ago that he had no plans to privatize. The 1995 provincial election might have been decided differently had the voters known of the intention to privatize MTS. The wishes of the people could have been canvassed at that time, but this government was determined to proceed with privatization willy-nilly.

Under The Corporations Act no corporation registered in Manitoba is permitted to make such fundamental changes without at least a two-thirds vote by its shareholders. Manitobans are the shareholders of MTS. It is undemocratic in the extreme for this government to proceed with a public offering of MTS without consulting the people and gaining their approval. Much evidence

exists that the people of Manitoba are opposed to this privatization. Hundreds have signed petitions, and 15,000 returned ballots between January and April this year in which 90 percent which said they wanted to keep MTS publicly owned. Fifty out of 57 municipal and band councils have passed resolutions opposing the selling of MTS.

VII. Conclusion.

There is no compelling reason, other than ideology, for privatizing MTS. The publicly owned utility provides excellent services to all Manitobans at an affordable price. It does so while competing successfully with private corporations, and continues to manage its debt and show a profit each year.

Any private corporation which pays dividends and corporate income taxes and which raises capital in the private market will require greater rate increases than MTS. No private corporation which is accountable to its shareholders is going to engage in public-minded, unprofitable projects such as the expansion of individual line service or community networks on the Internet. Private-sector companies, as in the case of Alberta's system, will act aggressively to drive local rates towards their stated costs.

In addition, the legislation which has been drafted to accomplish the privatization of MTS does not provide the guarantees which the government claims it does. It can confidently be predicted that, within a very short time after privatization, MTS will be controlled by foreign corporate interests, jobs will be lost and those that remain will be downgraded, ex-employees will have lost some of the benefits for which they have already paid their share, rates will have risen dramatically and many Manitobans will no longer be able to afford a telephone.

The fact that Premier Filmon's government is acting to privatize MTS without consulting a people who are clearly opposed shows a contempt for democracy. We request that he pull this legislation off the table and hold public hearings on the subject of the privatization of our telephone system.

Paula Mallea
Brandon Committee, Save Our Telephone System

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**The Union of Manitoba Municipalities
Presentation on Bill 67, The Manitoba Telephone System
Reorganization and Consequential Amendments Act.**

The Union of Manitoba Municipalities appreciates the opportunity to appear before the standing committee considering Bill 67, The Manitoba Telephone System Reorganization and Consequential Amendments Act. The UMM represents 166 municipalities, including all of the 106 rural municipalities, 14 LGDs, 23 villages, 20 towns and three cities. The mandate of the UMM is to assist member municipalities in their endeavour to achieve strong and effective local government. To accomplish this goal, our organization acts on behalf of our members to bring about changes, whether through legislation or otherwise, that will enhance the strength and effectiveness of municipalities.

The UMM is here today to state our opposition to Bill 67 and the privatization of the Manitoba Telephone System. When the province announced the privatization of MTS earlier this year, we received a number of resolutions from our member municipalities expressing objections to the province's plans. The resolutions outline concerns about the loss of jobs and the increase in telephone rates which will result from privatization. In less than a month, delegates to the UMM annual convention will debate and discuss another resolution opposing the privatization of MTS.

As we are all aware, MTS has a long and distinguished history of providing affordable, quality telecommunication services to rural and northern Manitoba. When MTS was created in 1908, it was the first government-owned telephone system in North America. The province established the Crown corporation in part to ensure that areas outside the city of Winnipeg would receive telephone services which were not being supplied by the private companies in operation at that time.

Providing service to rural Manitoba has never been an easy or profitable task for MTS. Nevertheless, it has been achieved because as a Crown corporation, MTS has been driven by public policy considerations rather than being solely concerned with profits and bottom line efficiencies. Rural Manitoba has benefited from the political will of provincial governments to subsidize rural and residential rates with revenues from urban and long distance phone rates.

The province has often cited MTS's \$800-million debt as a reason for selling the company; however, it is important to examine what this debt represents. MTS has incurred this debt because it has provided affordable phone rates and made tremendous capital investments across Manitoba. The debt represents crucial initiatives such as the installation of fibre optic cables, the installation of digital switching, and perhaps most importantly, the conversion of party lines to individual phone lines in rural Manitoba. MTS has spent over \$620 million in the last six years upgrading the rural phone service. It is interesting to note that even with larger populations, the private telephone companies in British Columbia, Ontario and Quebec have not extended individual line service to all areas of those provinces.

Most recently, MTS, along with the City of Brandon, played a vital role in the establishment of an enhanced 911 emergency response system for rural Manitoba. In fact, MTS is currently spending \$2.5 million to purchase and install network-related equipment and activate new computer systems to facilitate the operation of the emergency system. The 911 service was only viable following the installation of private lines. We believe it is impossible to measure the social and economic benefits which rural Manitoba has gained through these initiatives. Clearly, the current and previous provincial governments also recognized the importance of these programs for rural Manitobans when they authorized their implementation.

Over the years, the UMM has been able to discuss a range of other significant issues with the MTS executive and the Minister responsible for MTS. For instance, the UMM and other organizations were participants when MTS held the first public hearings in Canada on call management features such as call display and call trace. In the last few years, MTS has instituted annual meetings with the UMM board of directors during which we have discussed the destruction and replacement of survey monuments, the placement of MTS cable, cellular phone service in rural Manitoba and grants in lieu of taxes. Many of these matters have been successfully addressed because, as a Crown corporation, MTS has a public interest in working with municipal government. It is difficult to imagine that a privately owned company would have the same incentive to pursue these public policy issues.

At the same time that MTS has been maintaining low rates and providing quality services and programs, it has proven itself to be competitive in a rapidly changing telecommunications industry. According to the corporation's 1995 annual report, MTS had net earnings of \$15 million and was also able to reduce its outstanding debt. In the first quarter of 1996, MTS made a profit of \$9 million. In addition, the corporation has been able to maintain its customer base in the long distance market despite the increased competition in this area. The minister himself has recently stated that by keeping 80 percent of long distance revenues, MTS has one of the better records across Canada.

We acknowledge that through Bill 67, the province has provided short-term protection for Manitobans through the issuance of a special share to the Crown. This will ensure that the company's head office stays in Manitoba, that Manitobans have a majority of seats on the board and that the company cannot dissolve or dispose of a substantial part of its property. However, as soon as the new company pays off the debt owed to the province, the special share is surrendered and the protective provisions are all repealed. The control of the company which provides such an essential service could then be taken away from Manitobans.

In conclusion, it is clear that Manitoba currently has a competitive telecommunications company that has provided universal, quality services at affordable rates. MTS has over \$1 billion in assets, contributes \$450 million annually to the provincial economy and employs 4,000 Manitobans. All these benefits will be jeopardized when the company is privatized.

In the most recent MTS annual report, Chairman Tom Stefanson stated that in its operations, MTS recognizes its obligations as a provincial Crown corporation. Mr. Stefanson wrote: "We are the caretakers of a major provincial asset—its communications infrastructure—which is strategic to the economic and social development of all Manitobans." The UMM strongly agrees with this statement and we therefore urge the provincial government to maintain MTS as a Crown corporation.

Thank you for the opportunity to express our concerns on this critical issue.

* * *

Presentation on Bill 67, a bill to privatize MTS

I am here to express my displeasure with the government of Manitoba regarding Bill 67 authorizing the sale and privatization of the Manitoba Telephone System. Manitobans have been betrayed. Many times we were told by this Conservative government that they had no plans to privatize MTS. I am glad that I did not bet the farm on those statements.

Bill 67 outlines how privatization will proceed and hidden within the agenda we find that our pension is being manipulated away from the CSSB. The words in 15(8) read: "The persons described in subsection (2) are deemed to consent (a) to termination of their participation in the fund; (b) to the assignment and transfer of assets, liabilities and agreements from the fund to the new plan; (c) to the determination of all rights under the new plan without reference to The Civil Service Superannuation Act, the fund, or any trust agreement relating to them; and (d) to termination of their participation in the group insurance plan established under The Public Servants Insurance Act and to the assignment and transfer of monies and investments, liabilities and agreements related to such group insurance plan.

I would like to say for the record that I do not consent to any changes which would allow MTS to administer my pension.

In its annual report to the legislature the Crown Corporations Council stated that MTS has a high business risk with a negative risk trend because of industry uncertainty and its high debt-to-equity ratio. With release of this report the Minister of Finance, Eric Stefanson, said that he recognized the financial problems facing MTS and saw the need for something dramatic to be done. One can only speculate what dramatic thing the minister has in mind and surely no present or future MTS pensioner would want to become a part of it.

A privatized MTS may sell off any or all of its assets. Each division will be entitled to part of the MTS Pension Plan and any portion which is removed will cease to be a part of the plan. As the pension fund becomes fragmented, benefits could decrease or cease entirely.

As a private company MTS would be free to "sell, lease or dispose of all or substantially all of its property,

cease to carry on business or be dissolved or liquidated and dissolved under The Corporations Act or otherwise”.

MTS employees need no reassurance when they contribute to the Civil Servants Superannuation Board. It is not a controversial issue. The CSSB pension plan is well funded and managed and has earned the well deserved confidence of contributors.

In 1985 the Federal government passed the Pension Benefits Standards Act to ensure full funding of pension obligations. This money (\$350 million) is presently owing to the CSSB to clear up MTS' unfunded liability. This Filmon government has formulated legislation to allow manipulation of the pensioners and employees money away from the CSSB and will allow MTS to manage/mismanage our funds.

We have not been consulted on these matters nor given an equal opportunity to make any changes or deny any changes to the existing plan.

Without meaningful dialogue the motives of the government and MTS are suspect.

Ron Rudiak, Retired MTS

* * *

Presentation to the Board of the Manitoba Government of Mr. Filmon
Regarding MTS Pension Plan

This MTS pension plan is controlled and held by the Manitoba provincial government, Civil Service Superannuation Board. We, pensioner in Steinbach area, respect and trust this arrangement we have accepted and see no reason to take the money to pay our pension away from them. We do not know or trust our money in the hands of the appointed people that are trying to move in on our pension money.

We have varied types of pensions which have different guarantees. My own pension is a 15-year guarantee plan which as a \$1,067.14 per month payout and cost of living additions. This is a cash amount of \$128,056.80 at least. If I live beyond 85 years it continues at the going rate.

Since all this money is in the present fund now, and is only payable to the pensioner, therefore no one else has my permission to take or use this money.

All pensioners, employees and citizens should receive their pension value in shares of the newly formed ManTelCo (private).

William Sharpe

* * *

Re: Bill 67

Multifaceted Attack on CWB No Accident. Is pressure to sell MTS unrelated?

A note of introduction: This paper was first targeted to those who are familiar with the advantages of the CWB (Canadian Wheat Board). With slight adaptation, other ventures such as co-operatives, joint ventures, even union movements, could easily be substituted for the CWB, as a means to better understand the type of fundamental shift in democracy and economic self-determination being advanced by the Filmon government within their current legislative agenda. Now to the paper.

Where and on whose behalf does the real pressure to do away with the CWB really come from? Those of us who have some genuine gripes about any large institution whose own inertia is slow to address valid concerns not felt by the many are not the source. Our bottom line is change the bathwater, not the baby.

Then there are the Sawatsky/McMechans, the McQuire/Pallisters and their organizations. After stopping to think, can anyone seriously believe that they could be the real source and force of the current, nearly continuous, onslaught? Or are they, despite their own puffed egos, simply pawns in an even bigger game, perhaps even ignorant of their own misguided intentions?

Please, do not get me wrong. I am no apologist of theirs. But I am looking seriously at what might be the bigger picture and note their significance, if any.

Accepting as a given the validity and added value achievable collectively for a mass of people through a pooled single desk, I would like to direct attention to

internal and external pressures that might contribute to a meltdown of such an institution as the CWB.

Most people would be more familiar with internal pressures. These may range from internal inequities not adequately addressed as they arise within the pooled community, to the commonality of the community not receiving sufficient nurture—reasons for pooling are forgotten. At either extreme, the aggrieved or marginalized may then give up on the bathwater and the baby. While still within the protected environment, nothing might seem worse than the immediate injustice felt. This makes for the proverbial jump from the pot to the fire seem an alluring alternative, until it is too late. Some of these misguided folk are calling for the impossibility of a dual market, a concept that advances someone else's goal and solution. So much for the well-intentioned, even if not enlightened. Another internal destructive element comes from the parasitic or vulture-orientated who try to increase their share of the pie, even if it means shrinking the total pie. And this is more than enough said of them.

On the other hand, though we may be less familiar with those external to the pooled group as to why they would want an end to our combined strength, they nevertheless do exist. Once we view this from this perspective, not much additional effort need be spent before a lengthy list comes to mind, a list not limited exclusively to foreigners, but also those within Canada who stand to gain if farmers as a group are made more vulnerable.

From this vantage point, the agenda of companies that have a lifetime much longer than any human becomes more visible. Advancing their own self-interest, they will, once an attempted coup fails in one generation, try to do better with the first subsequent generation that has forgotten why they ought to stick together. Furthermore, some external forces are getting bigger and better at undermining the combined strength of the pool.

The trend for repeated attacks over generations and the increasing severity of attack is apparent not only with regards to the CWB but virtually every public institution where the public bands together for mutual advantage. Transnationals now threaten the self-determination efforts even of nations. Witness simply Canada's own increasing weakness in setting interest rates, let along a growing list of domestic policy issues.

This might be easier to see by looking at a more familiar example. Every farmer/entrepreneur knows that if a bigger operation can still be managed as adequately as the smaller one, the economy of scale of the larger one will be more forceful than the smaller one. In order to survive or gain more opportunity, this is one reason why farm sizes are expanding. Likewise for the myriad of head office suppliers of goods and services to the farming community or purchasing from them.

It is therefore worth repeating that some of these enterprises' economy of scope now rival the economic clout of many countries, one where even the U.S.A., touted as the strongest, cannot now make domestic policy decisions without some transnational flexing their muscles in a menacing way if they disapprove. Domestic interest rates and currency values are now among the most visible indicators of all countries' haltered and compromised positions.

However, there is another wave of increased economic pooling being organized under one corporate roof referred to as an economy of scope. Vertically integrated companies are one form of such newfound strength, concentrating several diverse economies-of-scale operations into one economy-of-scope operation controlled by fewer and fewer private hands, not unlike today's fewer farmers operating bigger spreads of land and animals than yesterday's farmers, only phenomenally bigger.

Another quantum leap towards increased economy of scope possibilities beyond the industrial-technological age are the advancements through computerization. Not only do computers help to manage greater amounts of information than ever before, through the ongoing digitalization trend, historically diverse ventures can now be serviced with one piece of newfound technology common to all.

This trend is very visible in the information transporting industry and is called convergence. Broadcast-TV, et cetera, telecommunications—phones, et cetera, and cable are naturally migrating like a seesaw, tipping towards the more economic powerfully consolidated operations into one super information highway. The gatekeepers of such a system have economic and political power like none ever known before.

The real question of survival for the masses has now become, who will better serve the long-term interests of the masses, a democratically elected directorship called government, even if individual representatives from time to time are willing to sell their own down the river, or an unelected board which runs these massive transnationals?

Here in Manitoba, the current government has first removed the single-desk delivery system of telephone called monopoly service and allowed others not only to compete but that MTS must pay 70 percent of the entire costs to hook up these new entrees to our local system. Even though long distance rate reductions after "competitive entry" are still regulated by the CRTC, it is the regulator and not the competitors that have provided for the reduction in long distance costs and simultaneous increasing pressure on local monthly charges. And lastly, MTS is prevented by the Manitoba government and CRTC from lowering its long distance rates to match the competition until they have 30 percent of the market.

Furthermore, despite the trend towards convergence, Filmon's team has required MTS to get out of the computer/fax hardware sales, has sold off their cable—the Portage area cable interest was "valued" at \$450,000 to \$500,000 and later "resold" by the new owner for \$6 million—interest and required MTS cellular to have a completely separate administrative and billing department from MTS in order not to have a competitive advantage over their "competitors." This information is verifiable through PUB documents. Filmon has also forced MTS to not use their telemarketing expertise and equipment but get this service from an American newly created company called Faneuil. He even prevented MTS from providing a multimillion dollar expert technological service to Malaysia. All at significant lost opportunity to MTS and Manitobans.

One final point on this matter. Convergence reduces the overall need for costly infrastructure while duplicating the pipeline, is more costly and must still be paid for by the same population base. Now take our growing cellular infrastructure. How can one well-regulated MTS cost the entire consumer base more than the current Filmon-supported method which requires a costly duplicated cellular network and administration?

By parallel, why is it that Canadians no longer consider it economically viable to have several Trans-Canada

Highways? We did have two railways which are quickly becoming one. The same with our two airlines, only a little further delayed. So why, with all this experience and an existing first-rate telecommunication system nationwide, why are we now duplicating the telecommunications and cellular networks?

In Manitoba, after Filmon created these changes, first by allowing the government-run monopoly to have "competition" and now that he says we have competition, the government has no business running MTS.

Reviewing the sell-off from a governance point of view, the final bottom line as noted earlier is this. Who, with all this convergence and mergers likely to take place, who do you trust to do a better job running our phone system in our best interests, we, the people of Manitoba electing some people to do this on our behalf or some nonelected off-shore owner? Clearly, I prefer the former. And when is this government's claimed advancement of increasing choice, actually a move towards a totalitarian state, not controlled by a king, but by the CEO of some transnational company? Is this what Filmon has in mind when he says we are open for business? A final liquidation sale? Seems so to me, as to the net effect of these transfers of public ownership into unknown private hands over whom we even less control than our elected representatives.

Finally, during the government's steps to remove the monopoly, they falsely advised the public that long distance prices would be driven down by competition. All MTS rate reductions to date have been regulated, not responses to competition.

Now that that part of the dismantling has been accomplished, the government is now saying that even when sold, MTS will continue to be regulated. What they are not saying is once MTS falls into the hands of someone like AT&T or some other transnational, their expertise and interest in running MTS their way will be brought to bear. Over time, the CRTC will be a regulator more in name than in reality. If this sounds farfetched, consider for a moment how foreigners already influence our domestic policy on interest rates and currency, and less directly but still quite noticeably in all of our other social fabric and safety net programs. The foreigners that have such an impact are not your ordinary family type

bondholder but large transnationals, some of which are financial institutions.

A final point of consideration before you either leave this matter or are aroused into action, consider for a moment the simplicity and effectiveness of a mousetrap. Enticing morsels are seemingly available to anyone, an outright gift, no strings attached. But before the first bite is swallowed, there is no going back.

If selling MTS is such a good long-term decision, then surely a public enquiry is the least we should have before we make such a final decision.

The statements Filmon has made publicly to justify his concept of "competition," deregulation and selling off MTS into a number of privately held pieces are highly erroneous and misleading. Were his statements made as part of an administrative tribunal judgment, those decisions could be legally reversed because of their lack of foundation in fact.

Popular "opinion" may leave you incredulous at my assertion but before you dismiss the above, I will give you some factual, independently verifiable information concerning my credibility.

Access to information: Usually, on behalf of CONECTS—Citizens Opposing Non-equitable Charges for Telephone Services—I have been a full participant to virtually every Manitoba Telephone System, Public Utility Board hearing from 1985 until and including when MTS was placed under federal CRTC regulation. This can be verified on the basis of the public record with the pub. Through such participation, I naturally came across a tremendous amount of in-depth information on the basis of which I can firmly and with conviction state that Filmon is now continuing to speak misinformation in his attempts to privatize MTS.

Integrity of information: With reference to the above, many people are familiar with my campaign to improve telephone service, particularly for rural areas, of which the elimination of party lines and toll-free access to neighbours are among the major achievements.

Another subject in which I raised public attention, beginning in the early 80s was on the then little-known recognition of the fact that farmers were being gouged for their purple fuel, as may be noted in the following

transcript segment—CBC Questionnaire, 1985—where I was caller No. 1 and ended up embarrassing the NDP Finance minister into acknowledging a problem after too long a period of inaction. Both host and guest knew that it was I who called, as is implied by Jim Ray's slip of the tongue and first referring to me as a farmer, only to then correct himself.

It is also a matter of public record that I was a member of the NDP at the time of the conversation, embarrassing them into better action. That is a part of what I believe it means to be on the inside. One has the responsibility to speak out more strongly than the opposition when our own are simply not getting the point that is so obvious. This runs counter to culture for most people, but I do believe such is in fact our responsibility.

In similar fashion, I embarrassed Gary Doer into some correct action, adding SFX to his list of some 20 communities for his government telephone enquiry. When he finally said yes, they would come to SFX, he also said they did not have an advertising budget left to advertise our meeting. Again, on Questionnaire, with Don Orchard as another pre-election guest present, I thanked Doer for "granting" us the request, thereby ensuring the public knew of it, as well as somehow miraculously freeing up his own schedule, for prior to that he could not make that newly scheduled meeting.

To Mr. David Newman, MLA for Riel:

Mandate to govern is no blank cheque: As the Chair of the legislative committee for Bill 49, the regional health act, I bring to your attention and the public's a serious breach in due process. Failure to act on these allegations would be equivalent to confessing that the mandate Filmon received was a blank cheque, a position, I am sure, neither you nor the public would find acceptable.

Background: I myself was preparing for Bill 67, a bill which, when passed, will authorize the Filmon government to sell our telephone system, one that is owned entirely by Manitobans, to one that is owned by some Manitobans who may then sell to the highest bidder, eventually placing MTS into foreign-dominated control. I asked to appear before your committee when I heard news reports on the nature of the public's objection to Bill 49. I was disturbed into further action when I heard that their reservations were similar to the ones I

was having with the MTS bill, namely that Filmon was promising more regional interests would be served while actually giving his own administrators more power to act as they themselves saw fit, and that this power grab was conducted by a misuse of the political system, refusing to hold truly open and public hearings, a matter promised but reneged regarding MTS.

Allegations of misconduct: You may recall that I appeared before your committee on Wednesday, October 16, 1996. Then, as now, I wish to express my thanks for the courtesy extended to me by the committee and the manner in which my presentation was received. This was much appreciated and I again thank you.

Now I must also raise serious questions as to whether the legitimacy of these required proceedings has been compromised through the actions of a fellow committee member Ben Sveinson, MLA for LaVerendrye, and Premier Filmon's public statements.

While leaving the committee hearings, someone whom I had not met face to face before engaged me in conversation which we took outside the room. Shortly thereafter, while the hearings were still in progress, Ben Sveinson, PC MLA for laVerendrye, made an unwelcome contact with the person I was with. Just as rudely and stridently he then advised me that he now knew where I stood on the matter just presented and that was all he needed to know. He was also adamant that I was there as part of some union-orchestrated protest.

Only then did I find out that the person I was talking with was a union rep, one that Sveinson had come to know in his earlier days when he, perhaps with duplicity, worked for a union. I submit that his actions and assessment of my presentation on the basis of my associations are unacceptable under the best of times and completely intolerable from a person responsible to hear public comments on proposed legislation before it is passed.

Premier Gary Filmon then added injury to these proceedings when news reports the next morning advised that despite any concerns the public may have expressed to the committee, the bill would be passed as is.

Response requested: Sveinson's expressions of bias occurred while he still had an administrative duty as a

sitting member on committee required to assess fairly the concerns raised before that committee. Filmon's comments were uttered before the committee had a chance to report to the legislature their findings and recommendations.

I suggest these actions by two separate government members, if allowed to stand, makes the committee stage process of bill evaluation into a sham and one of simply going through the motions.

I believe in public due process. I also hope the hearings you conducted were more than simply going through the motions. I ask that you look into these allegations and advise me of your own findings and steps taken to ensure that Manitobans may continue to have confidence in the democratic process, which you as a member of government have the sacred trust to uphold.

I await your full and expeditious response.

Sincerely, Eduard Hiebert
St. Francois Xavier, MB.

* * *

Brief to the Legislative Committee
On Bill 67, The Manitoba Telephone System
Reorganization and Consequential Amendments Act

The Brandon and District Labour Council represents approximately 4,500 members from 25 affiliated local unions including the CEP Locals at MTS. We have been involved in the Brandon Save Our Telephone System (SOTS) Committee since its inception.

Since 1908 the owners and the customers of the Manitoba Telephone System (MTS) have been the same people—the people of Manitoba. We already own MTS so why should we pay for it again? Yet Bill 67 will transfer ownership from the people of Manitoba to private shareholders without the people having any say. We fail to understand why this government is so intent on giving away the Manitoba Telephone System since all their arguments can easily be dismissed. We can only come to the conclusion that the sale is based on ideological reasons rather than on common sense.

We also believe that there has been a conspiracy by the Progressive Conservatives to give away Manitobans'

MTS assets at the lowest possible price. Not even Mr. Findlay is so incompetent to sell the cable system worth \$63 million for only \$11.5 million. Other reasons had to be dominant especially when MTS was making a profit of \$1.9 million on revenues of \$5.8 million, especially when every other telephone company is trying to acquire cable systems. This was a sell-out of the most treacherous kind.

The second sell-out was the telemarketing. Faneuil ISG received a \$47 million contract with MTS but this was suspicious due to apparent interference by Mike Bessey, the Premier's friend. Bessey also had a personal financial involvement of \$400,000 with an officer of Faneuil. In addition, Manitoba senior servant, Charles Feaver, left to become a senior executive at Faneuil.

But the biggest deception is this sale. The minister, in the most cowardly fashion, refused to take this legislation to the people of Manitoba. He refused to hold public informational meetings with the people who own MTS. He refused to defend this legislation with his peers, relying instead on the Tory majority in the Legislature, hoping that no one would know what he and his gang were up to. Now to sweeten the pot, this government has announced that it will pay off one-half of the debt—approximately \$400 million. That is \$400 for every man, woman and child in this province. Not only is he swindling the people out of their telephone system, he is charging them for it and then trying to sell them shares on top of it. What a traitorous act. It is the same as having a house with half a mortgage, selling the house and keeping the mortgage. Stupid. Shameful. Consider the following:

- MTS has the second lowest residential rates in North America.

- MTS employees—3,700 people—all in Manitoba. Control by a private company could mean the transfer of these jobs and profits to anywhere in North America, seriously impacting Manitoba businesses.

- MTS, as a publicly owned company, has a mandate to provide the best phone service at the lowest rates to all Manitobans. Its policy has been to keep residential rates low, so that each household can afford phone service. The more residents spend on telephone service, the less they spend on other goods and services.

- Bill 67 does not guarantee that Manitobans will continue to own MTS. It is so ambiguous that foreign ownership is probable. When Alberta privatized AGT, it was to be held by Albertans. Only 10 percent could afford shares meaning that 90 percent of the population gave their company, their ownership, to the richest 10 percent. Now AGT is traded on the TSE. At the same time Albertans pay 34 percent more than Manitobans for basic phone service. AGT just applied for another \$6 per month increase. The CRTC does not provide the protection that Mr. Findlay claims and he knows that he is lying about it.

Mr. Glen Findlay, Minister responsible for MTS, has indicated that MTS needs millions of dollars to improve the technology. MTS bonds could be issued to raise capital, the same as the highly successful HydroBonds. Or Mr. Findlay could give the \$400 million that he is writing off to MTS to buy new equipment.

Mr. Findlay said that the debt load is too high. Yet it was Mr. Findlay and his government that spent \$600 million to provide individual phone service to all Manitobans. Now we all have access to Enhanced 911 emergency service. Neither Ontario Bell nor Quebec Bell, both private companies, provide this level of service. MTS is not only paying all its debts, but it is also making a profit which is reinvested back into the system, improving services to Manitobans.

Mr. Findlay has stated that MTS is burdened with government interference, therefore cannot make timely decisions to counteract other private telephone company decisions. Mr. Findlay and his government have had eight years to correct this problem. Perhaps Mr. Findlay is lying. It only took three days to sell MTS. Perhaps it is Mr. Findlay that needs changing.

Another government scam appears to be the pension changes. Employees/retirees have been denied half the seats on the board. The issue of surpluses has not been addressed nor have improvements. Federal regulations do not guarantee pensions; they only give a framework to govern the pensions.

And why do MTS shareholders have to pay \$400,000 for Tory propaganda? MTS has not been sold; yet, under the MTS logo, a double-sided sheet of Tory lies and half truths has been delivered to every Manitoban household.

We strongly oppose our money being used for your propaganda machine. We strongly object to this elite Tory advertising without any consent from the current shareholders. This is the same government that is passing labour legislation, Bill 26, that requires every person represented by a union to be contacted prior to any advertising. Does not this government believe in its own legislation? Is this a crooked government, intent on lying to Manitobans?

MTS is ours. It provides decent paying jobs and a competitive service. Its privatization will seriously impact residential customers, small businesses, nonprofit organizations, people on fixed incomes, seniors, the disabled, Internet users and those that live in remote or rural areas. We cannot afford privatization. We cannot afford Tories.

Respectfully Submitted,
Ross C. Martin, President
Brandon & District Labour Council, CLC

* * *

Presentation to Hearings on MTS Privatization by
Martha Owen

If the government were to sell off your property, you would object. If you were offered the first right to buy shares, would that help? The government of Manitoba is selling your property. Those Manitobans with money to invest will have the opportunity to buy shares individually in MTS, a company which, collectively, they already own. There will be no referendum, even though the government has no voter mandate to sell MTS. Since the government does not even listen to its own experts unless they parrot its agenda, we can hardly expect them to listen to what we say here. Still, we cannot keep silent.

They say that Manitobans through share purchases will retain control of MTS. That is a farce. Only those with spare cash will buy shares, and they will be free to resell them. When MTS is publicly traded there will be nothing to stop foreign companies like AT&T from taking over and moving profits and jobs and offices abroad, regardless of government assurances to the contrary. We have seen too often that we cannot trust any of this government's assurances. Even if MTS remains

Canadian, management will be accountable not to the public, but to shareholders who, according to John Douglas, will get 6 percent dividends on their investment plus tax credits all at customers' expense.

As a public monopoly, MTS has provided universal, affordable service all over the province. When a private corporation finds that good service to poor customers, e.g., northern Manitoba communities and good wages for staff cut into shareholders' profits, who will win? Look for downsizing, layoffs and rate increases. Since Alberta Government telephones was privatized, 4,000 employees were laid off and local rates rose dramatically to boost investor profits.

Since CN was privatized, the CEO holds himself responsible, not to Canadian employees, not for services to northern Manitoba but only to shareholders, 65 percent of whom are American and have no stake in Canada's northern communities. Why should we expect anything better from a privatized MTS? There is limited comfort in knowing that phone companies are regulated by the CRTC which first imposed deregulation on our telecommunications industry with the full co-operation of the Manitoba government.

The CRTC recently granted private AGT a \$6-a-month increase in local rates, as opposed to a \$2 increase for public (so far) MTS. So much for equal treatment. Even now some phone companies like Hamilton-based London Telecom Network are competing for business in Manitoba, unchecked by any regulatory approval and without any local staff.

The Manitoba government claims that the sale is necessary, because MTS is too heavily indebted. Who says so? The Crown Corporations Council, that is an agency created by the Tories to study Crown corporations. What kind of recommendation can we expect from an agency that is created by a government that is ideologically committed to privatization at all costs? CCC president Doug Sherwood admitted to having privately recommended privatization, but he did not make the recommendation public because it might prove controversial. When the Free Press obtained a copy under The Freedom of Information Act of the CCC report, 10 of its 27 pages were blanked out and others heavily censored, further proof that the government is acting behind our backs.

The government ignores all the good things about MTS, e.g., profits for the first half of '96 were \$15 million, equal to the total annual profits for '95 and a vast majority of Manitobans (96 percent of residences and 86 percent of businesses) still subscribe to MTS in spite of all the other choices. That speaks well for a company that has been sabotaged in so many ways. How much better could MTS do with the support of our government? Why not sell MTS bonds, just as we sell HydroBonds? Much of MTS's debt was deliberately engineered by the Manitoba government.

Competitors have been allowed free access to MTS phone lines. Is that good business? The cable network, valued at \$63 million in internal MTS documents, was sold for \$11.5 million to private companies. According to MTS's own corporate business planning department, that sale left MTS open to potential revenue losses of \$300 million; \$300 million could have gone a long way to improving the debt/equity ratio. In 1993, an independent study by Ernst & Young reported that the ownership of the cable network placed MTS in an enviable position and strongly recommended that MTS retain ownership. Glen Findlay claimed that neither he nor the MTS executive committee ever saw the report and that he would have considered it irrelevant in any case.

In September '95, Filmon claimed to have no intention to sell MTS. A few weeks later he hired three brokerages to study the sale. They are Wood Gundy Inc., RBC Dominion Securities, and Richardson Greenshields of Canada Limited. Obviously, he knew in advance that they would recommend privatization. What Bay Street brokerage which stands to make handsome commissions on the sale of shares will endorse continued public ownership? (We were not told what the studies cost us.) Only days after the reports were in, the government announced that MTS was for sale. If decisions can be made so quickly, it puts the lie to the government's claim that MTS reacts too slowly to market conditions because of its cumbersome bureaucracy.

Earlier, the Tories gave MTS's \$19-million data base to Faneuil in return for only \$16 million worth of Faneuil shares. The Provincial Auditor calls that a \$3-million subsidy to Faneuil. They negotiated a \$47-million telemarketing agreement with Faneuil while Glen Findlay, the Minister responsible for MTS, admitted to knowing little about the joint venture. In May of '96

Faneuil was in arrears to MTS for almost \$1 million in long distance charges. In June, Findlay said the account was cleared up. Did Faneuil pay any interest charges?

Four hundred thousand dollars of our tax money is being spent on an ad campaign to promote the sale. That campaign includes a two-page letter to all subscribers signed by MTS president and CEO Bill Fraser and defended in the Legislature by MTS chairman Tom Stefanson. The letter is filled with disinformation and motherhood statements, e.g., "The industry is changing. Therefore, MTS must change." What profound wisdom. There is a saying that you should never believe anything until it has been officially denied.

During and after election, the Tories officially denied that they intended to privatize MTS. Now they officially deny that the sale will be harmful to Manitobans. They have also begun to make official denials about their intent to privatize Hydro and Manitoba Public Insurance. Unless we find a way to stop them, we will lose everything.

* * *

Don't Mess with MTS and our Pensions

The following are some of my concerns regarding Bill 67, privatization of the Manitoba Telephone System.

As indicated before in letters to the Minister responsible for the Manitoba Telephone System, Glen Findlay, and to the Minister of Labour, V. E. Toews, (Minister charged with the administration of The Civil Service Act; The Civil Service Superannuation Act):

The Manitoba Telephone System has served Manitobans well since 1908. The rates have been reasonable and the service excellent. MTS has the lowest phone rates in North America and we are certainly proud of these achievements. How long will a private company keep this in place? Experience in other provinces has shown that private companies are likely to increase rates much faster than publicly owned companies. AGT in Alberta recently received a \$6 a month increase compared to only \$2 month in Manitoba.

MTS employs nearly 4,000 people in Manitoba. Many of these jobs could be transferred out of the province or

disposed of completely. The profits from MTS stay in Manitoba and help keep our phone service affordable. Since 1990, MTS has made more than \$100 million in profits. In the first six months of this year, profits were \$15 million. Let us keep profits, jobs and decision making here in Manitoba. When we own MTS publicly we have a say in its future. This will change when a private company takes over.

The government cannot be trusted to privatize MTS. It has sold off cable assets which were worth \$50 million for \$11 million.

The government of Manitoba has no mandate to sell off MTS. It is not theirs to sell. The people of Manitoba are shareholders of MTS. The one decision that must go to the shareholders for ratification is the sale of the company. The government deliberately kept the shareholders, the public, in the dark to get past the election. During the provincial election and in the Legislature after the election, they said they were not going to sell MTS. The government has not held any consultation with the people of Manitoba. A big-ticket item such as MTS should not be rushed. If the government believes in democracy, a referendum should be called to give the people of Manitoba a chance to express their wishes. Since the election, the government maintained the charade so it could privatize. Quite frankly, they lied.

In 1957 pension rules were antiquated. When an MTS female employee married, she could not belong to the Civil Service Superannuation Board (CSSB). Many women lost years of their pension. Now Bill 67, subsection 15(8) states that employees are deemed to have consented to the removal of their pension from CSSB to a new private pension plan. I did not give my consent. The government of Manitoba does not have the right to presume for me. This is my money, not theirs.

I am concerned. Ottawa neither guarantees pension plans nor does it protect them. There are federal rules aiming at some assurance for employees that their plan cannot be abused by the company. These rules do not safeguard the pensions themselves.

If the lessons of privatization and corporate takeover are to be learned the hard way, 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 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.

Mr. Findlay states in his letter that the new pension plan will provide benefits that are equivalent in value to the pension benefits that such employees have or will become entitled to under the Civil Service Superannuation Board of Manitoba.

Mr. Findlay, Mr. Toews and Mr. Filmon, where are all the answers to our concerns regarding indexing, surplus, amount of dollars transferred, representation of retirees, full representation? These questions have not been answered in our letters written to you nor have they been answered at the MTS pension information meetings or MTS public brochures.

To be fair, these questions should be answered before Bill 67 is pushed ahead.

Sincerely, Winnie M. Chanas

* * *

Re: Bill 67.

I am here today on behalf of the 1,700 members of the Communications, Energy and Paper Workers Union who work at MTS.

I am here to tell you that this legislation remains seriously flawed; this process is divisive and hurtful to many people; should you railroad this legislation through in order to meet artificial deadlines, you will sew seeds of discord, and later you will reap the whirlwind.

As Manitobans, you should all feel a profound sense of shame. You are selling the farm. You will be responsible for the losses to our province and our communities that will result. You are disposing of one of the most important economic and community institutions in our province—our MTS—and as a province we will have nothing to show for it except broken communities and unemployed workers.

You should also be ashamed of this process because there is no consensus in Manitoba in support of this privatization. What you are doing is rooted in an extreme ideological position and not the needs of our communities.

I want to highlight two issues which underscore what a bad deal this is for MTS employees and users.

First, do not let anyone tell you that there is labour peace at MTS or that the essential employee issues relating to the privatization are taken care of. There is no current contract for half of the workforce, and they are frankly losing patience with the prolonged negotiations.

The pension plan for MTS employees remains an outstanding, unresolved issue. We have heard a number of platitudes from MTS and government officials to the effect that our pension plan is secure. However, our independent advisors have told us in no uncertain terms that there is plenty of insecurity for the plan as a result of this privatization.

I draw to your attention the statement on Saturday by Professor Vorst of the University of Manitoba who said in the Free Press: If the lessons from privatization and corporate takeover elsewhere are to be learned, MTS employees can expect a decline in the 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.

Our members currently have secure pensions through Manitoba's superannuation plan. I say to you that the province of Manitoba has a moral obligation to these members to protect their pension earnings now and in the future.

The pension issue is not all right. We do not have any assurance that our pensions will be protected in the future. To proceed with privatization while these issues are outstanding is enormously irresponsible.

Secondly, the people of Manitoba must know that the purpose of this privatization is to facilitate downsizing and contracting out. The principal reason why we are without a contract after almost a year of negotiations is that the company is demanding the unrestricted right to contract out jobs. Why? Why indeed would that be so

important to MTS at this time? Because that is what this privatization is intended mainly to achieve. Less workers, less wages, less services to Manitobans.

Why not be honest. This government does not have the courage to say clearly that it wants rural telephone offices closed down, workers fired and telephone rates for rural users increased dramatically. It will not say these things because Manitobans expect and demand a more compassionate government than that.

Is this not what Mr. Baines is talking about when he goes around the provinces saying that privatization is about freeing the company from government restraints? Other than serving the public interest, just what are these government restraints anyway?

Be under no illusions. We are fully aware that a privatized MTS intends to ruthlessly contract out jobs, close telephone offices and increase rates dramatically. Northern users face a 300 percent increase or more in their rates to fulfill the user-pay, profit centre concept that this government has for telephone services.

Manitobans will pay more, much more, and they will lose jobs which are vital to the economic viability of our communities and to the social strength of our families.

As I mentioned to you at the outset, sow discord and reap the whirlwind. We all saw the television coverage of the struggle at General Motors over contracting out. You are organizing that future for Manitoba because we will not give up and meekly walk away from our jobs and our communities.

This privatization is a shameful act. It will lessen Manitoba. It will hurt people and communities. It is not supported by a majority of Manitobans. You have the ability to ram this through in the coming days, but you will be held responsible for your actions.

Maggie Hadfield
Communications, Energy and Paperworkers Union of
Canada, Local 55

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Bill 67, The MTS Reorganization and Consequential
Amendments Act

My name is Dr. Mary Pankiw. I am the president of Manitoba Society of Seniors, Inc.

The Manitoba Society of Seniors opposes Bill 67, The MTS Reorganization and Consequential Amendments Act

The Manitoba Society of Seniors believes that a well-run Crown corporation can provide less expensive service than a comparable private sector company because: 1. Crown corporations do not pay corporate income tax; 2. Crown corporations do not raise equity capital in the private market; 3. Crown corporations have their debt guaranteed by the Province of Manitoba and, therefore, do not have to pay full market rates to borrow.

These reasons enable Crown corporations to offer services at rates below what equally efficient private sector telephone companies can offer.

The Manitoba Society of Seniors is concerned that the privatization of the Manitoba Telephone System will have a negative impact on local telephone rates. Look at what happened in Alberta. In the six years, since Alberta Government Telephones (AGT) was privatized, rates have continually increased. Albertans now pay 34 percent more than Manitobans do for basic phone service. Further, AGT has applied for another \$6-a-month increase. AGT has also indicated its intent to increase rural rates to obtain recovery of the costs of rural phone service. In short, a private corporation's first duty is to return a profit to its shareholders. The owners' interest in profits overrides the customers' interest in affordable service.

The Manitoba Society of Seniors is also concerned that under privatization, the Manitoba Telephone System's commitment to service may be doubtful. Crown corporations have led the way in providing state of the art telecommunication services to their consumers. Community networks are far more developed in Manitoba

than in other parts of Canada. In essence, the Manitoba Telephone System provides affordable rates, good service and makes a profit.

Government has the option of acting on alternatives, such as following up on Saskatchewan's offer of amalgamation with their publicly owned phone company SaskTel. Further, the issuance of MTS bonds for financing MTS expansion is another possibility.

The selling of the Manitoba Telephone System is the first step to higher rates and poor service. When rates go up, phones are not affordable. Our concern is for people on low incomes, and for people who live in rural areas and up North. People will be forced to give up their phones, which are a basic necessity and not a luxury, and can be the difference between life and death. In 1996, the Year for the Eradication of Poverty, the sale of the Manitoba Telephone System is definitely a poverty issue. People on low incomes will be unable to afford phones.

The Manitoba Society of Seniors questions what benefits, if any, privatization will bring to consumers. A company that pays shareholder dividends, corporate income tax and raises debt capital in the private market is likely to require a higher rate increase than a public sector corporation. A private sector company that is accountable to its shareholders is less likely to engage in public projects, such as the expansion of individual line service or community networks on the Internet.

The Manitoba Society of Seniors strongly urges you to reconsider your decision to privatize the Manitoba Telephone System in the interests of consumers, especially the rural, northern and low-income Manitobans.

Thank you for this opportunity.

Dr. Mary Pankiw, President
Manitoba Society of Seniors Inc.